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GUILD SOCIALISM  
A CRITICAL EXAMINATION





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# GUILD SOCIALISM

A CRITICAL EXAMINATION

BY

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## Preface

THIS book is purely critical in intention. It is a record of the reasons which, for me personally, make it impossible to accept the theories of the Guild Socialists as a practical scheme of social reconstruction. I would lay emphasis on these words, "a practical scheme," because it is as such that I have endeavoured to consider their proposals. I have not attempted to do justice to the many interesting contributions to thought that they have made in the course of their arguments. I have not tried to explain how they come to arrive at conclusions which I believe to be erroneous, nor to account for their receiving such measure of support as they have done, nor, least of all, to assign them their proper place in the development of social and political ideas. Indeed, I question whether the time has yet come for even an attempt at such a complete examination and appraisal of their view : for the process is, after all, something in the nature

of a *post-mortem* operation. And I have no desire to emulate those writers who, under the guise of such a philosophical and historical evaluation, present the public with a camouflaged polemic for or against the views which they are discussing.

The following are the works which I have read for the purposes of this discussion, and referred to in the course of it :—

G. D. H. Cole, *Self-Government in Industry*.

G. D. H. Cole, *Labour in the Commonwealth*.

G. D. H. Cole and W. Mellor, *The Meaning of Industrial Freedom*.

S. G. Hobson. *National Guilds* (edited by A. R. Orage).

S. G. Hobson, *Guild Principles in War and Peace*.

C. E. Bechhofer and M. B. Reckitt, *The Meaning of National Guilds*.

G. R. Stirling Taylor, *The Guild State*.

A. J. Penty, *Guilds and the Social Crisis*.

As will appear in what follows, I have taken Mr. Cole and Mr. Hobson as the most representative exponents of the doctrine. I have also read various pamphlets, articles, etc., on the same subject, by various authors. But I have not referred to them, partly

because they are not always easily accessible to the general public, and partly because I assumed that the most systematic and considered expression of opinion were to be looked for in published books.

While this work was in the press, several new books on this and kindred subjects appeared, notably Mr. Hobson's *National Guilds and the State* and Mr. Cole's extremely interesting *Social Theory*. If I had had the advantage of reading these books before I had completed my own, I could certainly have enriched it with many more illustrations of my points, and I might have added some further discussions on certain minor questions. But I have not found anything in them which would make it necessary to alter or modify anything in the main argument. In view, therefore, of the expense and delay involved in alterations in proof, I have left the text practically as it stood when it left my hands.

I did not discover anything in the way of direct criticism of Guild Socialism by other writers until some time after this book was in the hands of the publisher. I was not, therefore, able to make any use of such criticisms as do exist in the preparation of the present work. My general position, of course, has been greatly influenced by other writers

on economic, social, and political questions. But I find it impossible to state in detail the exact nature and extent of my debt to them, or to the many friends with whom I have discussed these and kindred subjects. In this latter case, however, I must make two exceptions. I have derived great benefit from many discussions with my friend, Mr. G. N. Clark, Fellow of Oriel College, Oxford. I do not suppose he will agree with my conclusions, but he has a greater responsibility for them than he probably realizes. Above all, I am indebted to my friend, Mr. F. R. Muir, who has always put at my disposal his stores of philosophical reflection, knowledge of modern economic thought, and first-hand experience of the actual conduct of modern industry.

G. C. FIELD.

LIVERPOOL,

*May, 1920.*



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# GUILD SOCIALISM

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## CHAPTER I

### Introduction—The Diagnosis of the Present Malady

AMONG the many schemes of reconstruction, political, social, and industrial, which have been put forward, that advocated under the name of Guild Socialism or National Guilds occupies one of the most prominent places. It is difficult to judge of the actual numerical strength of its advocates, but there can be no doubt about the vigour and energy of their advocacy. So far they have had the field very largely to themselves. There has been little in the way of detailed criticism or examination of their views by anyone who does not share them. And it is therefore all the more necessary that those who are unable to accept their particular doctrines should think out and state clearly what the difficulties are which they find in them.

The main principle of the theory is fairly clear. It lies in the belief that each industry should be organized as a whole. "It means," as Mr. Hobson says (*National Guilds*, p. 132), "the regimentation into a single fellowship of all those who are employed in any given industry." This body is to be self-governing, and organized on democratic lines. This is, perhaps, the point on which they lay most stress. It is to have complete control and management of the conduct of its own particular industry. But it differs from Syndicalism, with which so far it is in agreement, by retaining the State organization, on the same basis as at present, and allotting to it, in the first place, certain functions which cannot properly be performed by Guilds, and secondly a certain amount of control over the activities of the Guild through its ownership of the means of production. Thus, for instance, in the case of the railways the State would own the permanent way, stations, etc., and presumably the rolling stock also. But only the Railway Guild would have the right of working the railways, and the State would exercise no control over the organization of this work. So far all writers on the subject are agreed, and these points may be taken as the essential features of Guild Socialism. But on the details of the organization and



on many incidental points there is less agreement, and we find that many of the leading Guild Socialists have little private ideas of their own, which are not always shared by the others, and which are not essential to the main position. Thus, Mr. Cole believes in equal pay for all industries and all individuals employed in them, while Mr. Hobson and Mr. Stirling Taylor, the former reluctantly and the latter readily, allow the possibility of different rates of pay for different kinds of work. Mr. Penty and Mr. Hobson differ strongly about the nature of the functions which are reserved to the State. Mr. Stirling Taylor, who is in many respects a bit of a heretic, differs from the others about the proper extent and limits of a single Guild. Again, all these writers are agreed on the absolute abolition of any form of borrowing money on interest. But this does not seem a necessary part of the doctrine. It is difficult to see why a Guild should not borrow money at a fixed rate of interest, as a State does nowadays, either from its own members or from other Guilds or even other states.<sup>1</sup>

<sup>1</sup> See appendix on the Finance of the Guild. Of course, the above suggestion would be rejected with horror by all the writers on Guild Socialism. But it seems perfectly compatible with the essential features of the Guild system as outlined above, even though, on other grounds, it would be rejected by the Guild Socialists.

All these points suggest that it is important to distinguish our consideration of the central doctrine, which is of great importance, from our consideration of the relatively unimportant question of the personal idiosyncrasies, whether in the matter of opinions or personality, of its advocates. But it is not always easy to do this, because the methods of controversy of the leading advocates of this doctrine are such as to invite personalities to an exceptional degree. For, with all the fine zeal and enthusiasm of the Crusader, most of the Guild socialist writers combine more than the Crusader's usual aggressiveness and intolerance. They defend their doctrines against all criticisms with the vigour and acrimony of wasps whose nest is attacked. It is not easy to remain cool and collected under the attack of a furious wasp. And the attitude of the Guild socialist writers makes it equally difficult to preserve calmness and impartiality in a discussion of their views. Very typical of their methods of argument is this from Mr. Cole, when he is discussing some point over which he has fallen foul of the advocates of State Socialism: "Collectivists may take their choice: they are knaves, who hate freedom, or they are fools, who do not know what freedom means, or they are a bit of both." (*Self-Government in Industry*, p. 231.)



It seems at times an essential condition of a belief in Guild Socialism to hold that all those of a different opinion are either knaves or fools or a bit of both.

Now, irritating though this attitude may be, it does not, of course, affect the truth or falsehood of the views in question, and it is essential not to let ourselves be unduly prejudiced against the opinions presented by the manner of their presentation. But, for all that, it is not an entirely unimportant fact that the advocates of the opinions in question are for the most part men of this type. And that for two reasons. In the first place, it means in practice that such men are probably not very ready to recognize any weak points there may be in their schemes, and therefore that, if they are ever in a position to put their schemes into practice, they will not be very wide-awake to the possible dangers that there may be in them, or very ready to take precautions against them. This danger may seem remote. But the other point is more serious. A great deal of the argument on these subjects necessarily turns on opinions about human nature, about how men will act under these or those circumstances, and what will be the effect of certain conditions on men's minds and characters. To judge rightly on such matters needs very special qualities of mind :

it calls for patience, sympathy, tolerance, and a power of getting outside one's own point of view and inside the minds of other people. And if we find that the advocates of a certain view are singularly destitute of these qualities, if we find them entirely incapable of sympathizing with or understanding any type of mind or point of view different from their own, if we find that their minds are entirely closed to the impartial consideration of any opinions with which they do not agree,—then we shall be well advised not to accept too readily their opinions about other human beings.

Of greater importance than the personal characteristics of the writers are the arguments which they use. But even these are not the only points to be considered. For, as we all know, it is perfectly possible for a good case to be advocated by very bad arguments. And no one who wishes to consider a subject fairly and thoroughly should be content with merely disposing of the arguments actually used on the one side. All the arguments should, of course, be considered. But the right way of proceeding is to try to make up our minds for ourselves, after due consideration of these arguments, what the results of the proposed change will be, and whether these results are such as we can welcome. But,

for all that, we cannot entirely separate the proposed system from the arguments used to advocate it, and some consideration of these latter is necessary, if only to understand what it is that is advocated. Perhaps the first and most important thing to consider, from this point of view, is the account given of the evils which its advocates conceive to exist and which the reforms they advocate are to remedy. We have to ask ourselves, Is their account of actual present conditions correct? Have they rightly diagnosed the malady from which we are suffering? Neither of the possible answers to these questions would be in themselves decisive for or against the system advocated. But they would at least give us a firm basis from which to carry our consideration of it further. And it is to these questions that we must now turn.

We are to a certain extent faced by the same difficulties here as have been mentioned before. We do not always find the advocates of Guild Socialism in perfect agreement with each other about the actual state of things. We find passages in one writer which do not agree with passages in another writer. Sometimes even we find two passages in the same writer which have the appearance of contradicting one another. But on this

point the differences are very small as compared with the agreement, and may fairly be disregarded. We have to consider the main points on which the chief writers on the movement are agreed in their description of the present state of things.

It would probably be a mistake to attach too much importance to the rhetoric with which their account of this is so freely embellished. It is no doubt true that they fling about a term like "slavery" with a freedom which deprives it of any definite meaning whatever. It is true that, while protesting against the "de-personification" of Labour, they are constantly "de-personifying" Capital or Capitalism, and that in talking of "the employer" and "the capitalist" they generally seem to think, not of the actual living people whom we know, but of some kind of fabulous monster, which is simply the embodiment of a system or a point of view which they dislike. It is true that they have a perfect passion for finding plots and conspiracies against Labour in every action of every employer, though they object most justifiably to the myths which are so freely spread abroad about a conspiracy of Labour. But all these are comparatively minor things. It does not much matter what terms they use, so long as we can find out what they mean by them,

Nor are their opinions about the character or mental attitude of any particular class of men in the least essential to their advocacy of a particular system. It is, indeed, an essential part of their argument that no improvement of mental attitude can be of any value within the limits of the present system. It is the same thing with their attitude towards the admitted evils of the present state of things, the extremes of poverty or the sharpness of class distinctions, for instance, which they are at one with all social reformers in deploring. The distinctive feature of their views is that these evils, and many others with them, are the necessary result of the present system, and can only be cured by the adoption of some such system as that which they advocate.

I. *The "present system."* This and similar arguments really rest on the assumption that the present state of things can truly be described as a "system," that the different features that we find in it are in some way necessarily connected, so that we cannot alter one without a radical alteration of all the others. But this is an assumption that we cannot accept, at anyrate without serious modification. For it is undeniably true that in the strict sense we have not at the present time got one system of industrial organization at all, but rather



several different systems going on alongside of one another.

We have not got, for instance, a universal system of private capitalism, because a large number of industrial concerns are owned and run by the State or by municipalities. But even within the boundaries of what is called private capitalism, we find differences of organization so great that they become much bigger and more important than the formal resemblance. A business where the capital is owned by the man or men actively engaged in the management of the business is a very different thing from a joint-stock company where ownership of capital is entirely divorced from management. The position of the workman is entirely and fundamentally different if he is quite unorganized and has to deal with the employer as an individual from what it is if he is a member of a strong and well-organized Trade Union embracing all or nearly all of the workers in that particular trade. And it would be entirely different, again, in a business where all or most of the capital was owned by the workers in the business themselves, or again in a business which was owned by a Trade Union. Both these are perfectly possible, and have, indeed, existed within the limits of the present "system." The scheme of reorganization

recently suggested for the building trade, which is quite likely to be adopted, would establish one more system alongside all the others which already exist, and entirely different from them.<sup>1</sup> In general, we may say that the real feature of the present state of things is that there is no one system of industrial organization, but that there is practically no limit to the different forms which have been or could be tried. And we may add that there is no one single direction in which things are inevitably tending to travel. There are tendencies and counter-tendencies of all kinds discernible. But the possibilities of development are infinite.

The only writer on Guild Socialism who has seen this clearly is Mr. Penty. And he takes the absence of a single system as a self-evident condemnation of the state of things. But that is surely a rather large assumption. There are certain obvious

<sup>1</sup> There is at the present moment an experiment in what calls itself a Building Guild being tried in Manchester and district. Every reasonable man must welcome this, or any other, kind of experiment, and it is likely that much valuable information may be gained from it. On the other hand, it is obvious that no direct evidence about the probable results of the establishment of a universal system of National Guilds can be derived from a single experiment of this kind. And if the experiment is used, in the interests of a particular theory, to divert labour away from other equally valuable experiments which are being tried on the line of private capitalism, its results can only be mischievous.

advantages of elasticity and flexibility which this variety of systems gives. It allows more for different varieties of conditions and different temperaments than a single cast-iron system which is obligatory for the whole country. And it makes possible experiment in different forms of organization and comparison of results to a degree which could not be obtained in any other way. Both State Socialism and Guild Socialism have this in common, that their advantages as a universal system are purely hypothetical and a matter of prophecy, while once imposed no further experiment in other forms of organization would be possible, and, however unsatisfactory the system was found to be, it would be very difficult or impossible to alter.

It would be a mistake to press this argument too far. But it is necessary to insist that there is this advantage, however small it may be, in our present lack of system, and that there is this danger in any single system imposed compulsorily on the whole country. And it should also help to make clear another point. Those who criticize the advocacy of the universal application of any single system should not be taken to advocate the retention of the exact conditions which exist at the present moment. Even if they wanted to, they could have no



hope of retaining them, because they are changing all the time. But they may see all the evils that exist at present very clearly and be anxious to remedy them, and yet feel that we are not at present in a position to abandon the experimental method, which is what the adoption of any one single system would mean.

But the Guild Socialists do claim to have found a central feature of the present state of things which is universal, and which is important enough to warrant us in speaking of it as a system. This is the Wage System, which they say is retained in all the different forms of organization which exist at present, and to which they ascribe the chief of the present evils. And the essential feature of the Wage System is the treatment of Labour as a commodity. It is this idea which we have to examine next. We have to see what it means, whether it really exists so universally, whether its effects are as evil and its whole importance as great as is asserted.

2. *Labour as a Commodity.* We must distinguish, in this connection, a mental attitude, which may vary from person to person, with a definite theory, explicitly held or implicit in a system or organization. When the Guild Socialists say that the present system involves treating Labour as a commodity, they do not merely mean that

employers are always personally selfish, inconsiderate and unsympathetic, that they never think of their employees as human beings, never recognize that they have any rights or claims, and care or think about nothing but getting the greatest amount of work out of them at the least expense to themselves. Some employers obviously do take this attitude; but equally obviously some do not. But that depends on the man himself, not on any system. Mr. Hobson seems to miss the point of the passage he quotes when he triumphantly produces the following statement from the Garton Memorandum as supporting his own views: "The attitude of a certain section of employers, who look on their employees as 'hands,' as cog-wheels in the industrial machine, having a market value but no recognized rights as human beings, is bitterly resented." It is clear that this refers to an individual mental attitude. The use of the phrase "a certain section of employers" implies that this assertion is not intended to apply to all, and therefore that the attitude which is deplored can be changed without the imposition of any new system, and is not the necessary result of the present state of things.

But in any case the Guild Socialist, at anyrate in his more rational moments, does

not base his argument on assertions about the personal character of employers. His position is that the theory of Labour as a commodity is an essential feature of the present system, and that, however amiable and well-meaning an employer is, he cannot help, so long as he has to work under that system, so regarding Labour. Let us see what this theory, as so regarded, means.

Its essence is declared to lie in the abstraction of Labour from the labourer, in thinking only of the work done without thinking of the man who does it as a whole, of his character and personality as a human being. Mr. Cole speaks sometimes as if this abstraction, this thinking of a man in one aspect or in one relation without regarding all the rest of him, was always and necessarily bad. But that is surely an exaggeration: for a moment's reflection will show us that we constantly do and must, in all relations of life, consider one part of a man's personality and activities without thinking of the rest. When I try to deal with Mr. Cole's arguments on this subject without dragging in personal questions, I am in a real sense abstracting his labour from his personality. And most people would recognize that it was entirely necessary to do so in order to arrive at a right conclusion about the value of these arguments. When I enjoy the

performance of a great pianist without asking myself whether he is a man of virtuous private life, I am most clearly abstracting his work from his personality. When I stop a stranger in the street and ask him the way, I think simply of what he will do for me and neglect the other aspects in which he might be regarded. Mental abstraction is a necessary element in all thinking, and is absolutely inevitable in dealing with the majority of human beings, about whose personalities and characters we can know very little. But that does not mean that we think their personalities of no account or that we doubt or deny their humanity. It means merely that we leave it to them to look after their own personalities without any impertinent meddling from us, and confine ourselves to the points in which they come into direct relation with us.

We cannot regard the abstraction of the labour from the labourer as in itself necessarily a very terrible thing. But the Guild Socialists are more explicit in their statement of what this process involves when applied to industry. And we can collect from their works several definite statements of what they conceive the evil results of this to be.

Mr. Cole (*Self-Government in Industry*, pp. 154, 155) thus sets out the "four

distinguishing marks of the wage-system," which constitute, as he says, "four marks of degraded status," and which must be remedied before there can be any real hope of escape from present evils. They are as follows:—

1. "The wage-system abstracts 'labour' from the labourer, so that the one can be bought and sold without the other.
2. "Consequently, wages are paid to the wage-worker only when it is profitable to the capitalist to employ his labour.
3. "The wage-worker, in return for his wage, surrenders all control over the organization of production.
4. "The wage-worker, in return for his wage, surrenders all claim upon the product of his labour."

Mr. Hobson gives much the same account, but he makes some additions of his own. He says (*Guild Principles*, p. 37) that the system involves the fixing of "the wage-rate at a competitive market value," with the result that labour is "purchased in the neighbourhood of bare subsistence." (*National Guilds*, p. 17.) And further he holds that the acceptance of wages involves the admission of "the right of the employer to dictate the conditions of his (the labourer's)



employment." These two additions are important. But we shall find reason to question (1) whether they are at all universal conditions even of the wage-system as it exists at present, and (2) whether they follow necessarily from the abstraction of labour from the labourer.

For this abstraction is not confined to the manual labourer, and we see it perhaps in its most complete form, in the position of members of some of the most highly paid and respected of the learned professions.<sup>1</sup> Consider the position of the doctor, the lawyer, or the architect. It would be

<sup>1</sup> We also see it, of course, just as much in the position of the salaried employé of a firm, the clerk or manager. In this connection, it is worth quoting an extraordinary passage from Mr. Hobson (*Guild Principles*, p. 37). "Why does the salariat rank above the proletariat? The reason is so simple that I am almost ashamed to write it. Because the salariat retains, and is, in fact, paid for, its personality, whereas the proletariat sells only its labour-power considered purely as a commodity." I cannot see any possible meaning of these words which makes them even remotely resemble the truth. The clerk is paid, just as much as the labourer, purely for the work he does for the business. And he is only employed so long as it pays the business to employ him. As he is paid at longer intervals and has a right to a longer notice before dismissal, his services are retained in times of temporary depression. But if the depression continues, the salaried staff is cut down by dismissals, just as much as the wage-earning staff.

I quote this as an instance of the kind of argument that Guild Socialists sometimes use. But, of course, it is not essential to their position, which is rather strengthened if it can be shown that under the present system the salariat is really in the same degraded position as the proletariat. Messrs. Reckitt & Bechhofer see this clearly. (*The Meaning of National Guilds*, p. 87.)

difficult to find a clearer instance of men who "sell their labour as a commodity." When we employ anyone of these professions, we pay them simply and solely for their services, for the work they do, and for nothing else. We only employ them when we need their services, and when we have paid them, the matter is finished. They have no further claim on us, and there is no question of "payment in employment and unemployment, in sickness and in health alike." We do not concern ourselves,—unless we happen to be personal friends,—with their personalities or their well-being outside the work they do for us: there is no provision for welfare-workers among members of the Bar. And, so far as there is a product of their work, they have no further claim on it: the architect, for instance, has no rights over the house which he has helped to produce.<sup>1</sup>

This is not, of course, to say that the position of the professional man is the same

<sup>1</sup> The professional man, because he does most of his work by himself, is of course freer to decide the detailed method and means by which he will carry out the work he is instructed to do. But this is a difference of degree, not of kind. In many cases, the skilled artisan, just in so far as he is the possessor of special skill, approximates to this position. The man from the gas-works who is fitting a gas-stove into my kitchen is, indeed, told what he is to do and, for all I know, given a certain time in which to do it. But how he does it is left to him to decide without interference from anyone else.

as that of the manual labourer. But it does seem clear that in just those points which the Guild Socialists select as the "marks of degraded status" their position is similar. Nor is it necessary to argue that the present organization of these professions is in all respects ideal. It is conceivable that they might do better work under a different form of organization. The architects, for instance, might become more efficient if they were forced to become members of the Building Guild. But it is difficult to see how one could say that their status was raised thereby, and it is practically certain that the great majority of them would not welcome it in the least.

It might be worth while glancing at some of the points in which the position of the professional man does differ from that of the manual labourer. To begin with, as a general rule he gets very much more money for his work, though no doubt the highest-paid skilled artisan makes considerably more than the worst-paid doctor. This is a big difference, and is the reason why the professional man does not need to fear occasional unemployment. His social position is no doubt very different. But that is a changing and fluctuating thing, and it is only comparatively recently that the professional man has achieved the social recognition which



he now enjoys.<sup>1</sup> Perhaps the employer, as a general rule, speaks more politely to his lawyer or doctor than to his workmen. But that, *pace* Mr. Sidney Webb, is not a very serious matter. And the solicitor or architect receives his orders from the man who employs him just as much as the workman, even if they are politely called his "instructions." Perhaps the most striking feature of the position of most members of the learned professions is that they form a very strong and all-embracing Trade Union. But in this they differ not in kind but in degree only from the artisan. They have achieved the goal towards which he is steadily travelling. For their organizations are not, as Mr. Stirling Taylor most mistakenly calls them, Guilds in any sense of the word, but precisely Trade Unions. That is, they do not organize and control the work of their members and they do not deal themselves with the customers who wish to buy these members' services. But they lay down certain conditions of membership, certain rules of pay, and certain conditions of work, and within these limits their members deal

<sup>1</sup> A solicitor of my acquaintance, who is still living, can recall the occasion when he was denied admission to the house of an Irish landowner, to which he had been invited by the son of the house, a College friend of his, because the old gentleman absolutely refused to tolerate the presence of a lawyer in his house.

themselves with their clients. But that is just what Trade Unions aim at doing, and in many cases they have achieved a considerable measure of success. It is absolutely false to say that wages necessarily remain in the neighbourhood of the subsistence level. That might be the case if the wage-earners were entirely unorganized, but the more complete and efficient their organization is the further they are removed from this position. And it is equally false to say that by accepting a wage the wage-earner resigns all control over the conditions of his employment. Trade Unions have done much and may and will probably do much more to enforce satisfactory conditions of employment for their members.

We need, then, much more information about what is meant by treating Labour as a commodity, if we are to accept it as the terrible thing it is represented as being, as a mark of a degraded status, as the badge of serfdom, and as the source of all the evils which afflict us at the present time.

## CHAPTER II

### The Diagnosis of the Present Malady (continued)

3. *Profit and Property.* Another fundamental characteristic which the Guild Socialists, as well as other kinds of Socialists, see in the present industrial system is that it is, in Mr. Cole's words, "at present organized for profit, whereas it should be organized for use." (*Labour in the Commonwealth*, p. 124.) The phrases "production for use and production for profit" are commonplaces of socialist controversy. It would be out of place here to enter into a discussion of all that is involved in these phrases. But one or two points so far as they bear on this controversy may be suggested.

Out of the torrent of rhetorical abuse which socialist writers direct against private profit two main points seem to arise clearly. Profit involves exploitation of the worker and robbery of the community. If this means anything, it must mean that the person who draws the profits does not receive them for any services he has rendered or work.

that he has done, but that he gets them either for the work done by the labourer or else without having rendered any services at all. One could find quotations in writers on Guild Socialism which suggest a belief in both these alternatives. But perhaps they should not be taken too seriously, because it is so obvious that neither of these propositions is true. Take the owner of a factory which he runs himself. Suppose that he is honest and efficient, and that the product of the factory is something really useful or necessary. Whatever organization of industry we may advocate, we could hardly deny that, as things are, that man is doing work which would have to be done and rendering a real service. Further we should have to recognize that under any system somewhat similar work would have to be done, and that the man who did it would have to be paid. Suppose, now, that his average profit while running his own factory was £1,000 a year. Suppose that the factory was nationalized and he became a salaried official, doing the same work at a salary of £1,000 a year. Can we say that in the one case he is robbing the community, while in the other he was not? It is difficult to see how anyone who was not a slave of phrases could assert that.

Now it seems difficult to assert, if any

profit is honestly earned, that is to say drawn by a man who really does useful work which is of value to the community, that the system of private profit is necessarily from its very nature robbery of the community or spoliation of the worker. And I suppose that in their more reasonable moments most Socialists would admit this. But they would probably argue something on these lines:—While it is true that profits may in some cases constitute a reasonable remuneration for real and valuable work done, the present system makes it equally possible, perhaps even easier, to get them not by doing work of any value but by forcing money out of the community without doing anything that needed to be done in return. And it would probably be argued further that, even when the profit was gained by doing work of real value, it was often, perhaps generally, very much greater in amount than the value of the work warranted.

This, of course, would be a perfectly reasonable position to take up. But to arrive at a conclusion of any value about its correctness, would involve investigations of great extent and difficulty. Whether there are any great advantages, arising from the motive it provides, in the system of private profit; whether it is or is not as easy to make a profit, in the long run and in normal



circumstances, by exploiting the public as by doing work which they really want; whether the making of profits excessive in amount for the services rendered could be limited and checked by legislation or other means;—these are some of the questions which would have to be answered. They are mainly questions of fact, and to answer them properly would be the work of a man who had a profound and detailed knowledge of the working of modern industry and who approached the question with a calm and impartial mind, and with the single desire of finding out the truth about them, not in the interests of a particular view adopted before the investigations in question had been begun. But to start with a claim of moral superiority for those who take one view of the questions under discussion is to judge the case before it is tried and to render any conclusions of any value impossible.

One of the factors in the situation which, it is urged, is of particular importance in making it easy for the capitalist to exact large sums from the community in return for little or no work of value actually done, is the institution of private property. It is argued that it puts it in the power of certain people to make large profits simply by the possession of certain things which are wanted, not by doing any work to produce them.

That this can and does happen is undeniably certain. We are all familiar with the story of the man who, reading an advertisement in the paper that the Department of Woods and Forests had a wood for sale and a little lower down an advertisement from the Admiralty that they were in immediate need of timber, bought the wood from the one department and sold it next day at double the price to the other. But it is almost equally certain that the extent to which it happens is enormously exaggerated, especially by the Guild Socialists, to whom indeed the idea of private property becomes a perfect obsession.

It must be remembered that what the consumer pays for is not the ownership of the goods, but having them delivered at his door. If I am freezing in London for want of coal it is not any great consolation to me to know that I own several tons of coal in Wales. And on investigation it can be shown that on many of the occasions where it appears at first sight that money is being paid simply for ownership, it is in reality being paid for the work involved in one of the steps in the complicated process of delivering the goods to the customer.<sup>1</sup> And the customer is just

<sup>1</sup> One might take an instance of this from Mr. Hobson's violent outburst against the merchant (*National Guilds*, p. 95), "the pimp of industrial prostitution" as he delicately terms him, whom he declares to have no real economic function at



as much at the mercy of the men who do this work as of the men who own the goods, and in just as much danger of being exploited by them. The capitalist who was "out" to profiteer would not care very much whether he ever actually owned the goods or not, so long as he was the only person who could organize the distribution of them: it is entirely indifferent to him whether he makes his profit by buying the goods (or the materials of which they are made) himself and then selling them at an enormously increased rate or by charging an enormous commission for the part he plays in the total process of getting what the consumer wants to him. I do not think that any business man would attach the exaggerated importance which Mr. Cole does to ownership of the product. Nor do I think that any change in ownership or abolition of ownership would help the consumer much, so long as any man or men who did any essential part of the work of bringing the goods to him could set their own price on their services.

There seems, thus, good reason to believe that the Guild socialist writers attach an

all. It would be a little curious that the merchant should continue to exist, if he performs no service to anyone, but merely robs the consumer on the one hand and the producer on the other. It is a pity that Mr. Hobson does not spend a few hours in a merchant's office, to find out what the merchant really does do.

exaggerated importance to the element of property and have an exaggerated idea of the power which it can give. I have raised this point here as an instance of the way in which they misinterpret the facts of the present situation. But we shall see that these points have an important bearing on the questions to be considered later in dealing with the positive effects to be expected from the introduction of the Guild system.

4. *The Class War.* Most writers on Guild Socialism have this in common that they envisage the present situation in the form of the conflict which is commonly described as the Class War. A full account of the development, meaning, and implications of this idea would be of great interest, but obviously cannot be attempted here. We can only raise certain questions about the reality which lies behind this idea, and ask ourselves what truth there is in the idea of a perpetual conflict in modern society, and between what parties the real conflict, the real clash of interests, lies.

As long as the supply of good things in the world is limited, there will always be the possibility of a conflict over the division of wealth. If one person wants more, another person must have less, either less than he had before or less than he would otherwise have had. Equal distribution of wealth, or

equal remuneration for everyone, does not, of course, remove this possibility. It will not prevent people from wanting more than they have got, and it is just as possible to strive to get more than another man as it is to strive to prevent him from getting more than you. But in the present world where the division of wealth is very far from equal, where does the real clash of interests come? And the answer is, of course, Everywhere. So far as it is merely a question of the division of existing wealth, everyone's interests are opposed to those of everyone else. It is not only a question of the interests of the capitalist as opposed to those of the labourer. It is the interests of the capitalist against those of the manager, the interests of the manager against those of the workman, the interests of one capitalist against another, one manager against another, and, what is important to emphasize at this point, of one workman against another. It is important not to forget that, when people are thinking of increasing their share of the available wealth, the conflict can be vertical just as well as it can be horizontal, between different industries just as well as between different ranks within the same industry. If the miners wish to increase their wealth, they may try to do it by dividing among themselves the share of the profits of the industry which

now goes to the capitalist or the manager. But they may also try to do it by diminishing the quantity of coal which they have to produce in exchange for the goods and services they receive from other people.

From this point of view, then, there seems no reason for treating the conflict between social classes as at present distinguished as the only or even the dominant form. The interests of Labour as a whole (still confining ourselves to the question of the division of wealth) are largely fictitious and at most purely temporary. The Class War exists. But its motive force is largely a product of the imagination : it exists because people think it exists. There is just as much conflict of interest within the ranks of Labour. And the end of the Class War would not in itself remove all possibilities of conflict or clash of interests.

But the Class War, according to these exponents of it, involves much more than a conflict of material interests. More important than the division of wealth, they tell us, is the question of status. The Class War is, above all else, a struggle for improvement of status.

The idea of status is a prominent feature in the discussions of Guild Socialists. But though they talk so much about it, they are very far from giving us a clear account of



what they mean by it. Their idea of it seems to include several different things. And though they seem to assume that all these different elements are closely and necessarily connected with each other, they nowhere prove the necessity of this connection, and it is not always clear that they have distinguished the different elements themselves. Can we, for ourselves, do something to make clear what the different things that we mean by "status" are?

We all know more or less what we mean by difference of social status or position; but it would be hard to give an exact definition of it, because it is not itself a fixed and definite thing, but rather something constantly changing and fluctuating; and further it is not anything which has a physical and objective existence, but something which exists only in people's minds. If two sets of people are both agreed that they are of the same social standing, then they are of the same social standing: that is all that is necessary to make them so. And, as we know, the opinions on this point are very often purely arbitrary with no real basis in fact. We find an instance of this in the idea, fortunately rapidly dying out, that certain professions only are "fit for a gentleman."

Now, these social distinctions are based

on a complicated variety of different factors. To a certain extent, they depend on inherited customs and prejudices. To a certain extent, too, they are based on distinctions of wealth. But more than all, they are based on certain entirely superficial differences of manners, personal habits, ways of speaking, etc., which are mainly the result of education. Arising, as they do, from a variety of different causes, some of them going far back into our social history, they cannot simply and easily be abolished—as every reasonable man must wish to abolish them—by a single measure of reform, except perhaps by that method which the Russian Bolsheviki delicately describe as “the physical elimination of the bourgeoisie.” It is an entirely false simplification to see in them, as Mr. Hobson does (*Guild Principles*, p. 156), merely the result of differences of position in the hierarchy of industry, and to argue that they can only be removed by a fundamental change in the organization of industry. Reflection on their nature, as they show themselves in our present conditions, ought to be sufficient to show us the error of this view. But if further decisive proof was needed, it could be found from the example of other countries, for instance some of the Scandinavian countries, where social distinctions, as we know them, are practically

non-existent, and yet where we find the capitalist organization of industry and the wage-system in full vigour.

But the idea of the Guild Socialists that there is a real difference between the position or status of different groups of men within an industry is not invalidated by the fact that they wrongly try to bind together other things with it which have no necessary connection, and that they have an altogether exaggerated idea of the extent of its effects. There is, obviously, a real difference between different ranks of those engaged in industry. And it is important to see where exactly this difference lies. The Guild Socialists do not always seem perfectly clear on this point. Sometimes they represent the difference of position, and consequently the natural dividing-line in the struggle for status, to lie between Labour and Capital, including in Labour the managers and specialists, as well as the manual labourers, "the workers by hand and brain," in the well-known phrase. But they cannot help realizing that, in spite of all talk about the identity of interests between the two, in actual fact when it does come to open dispute, the managers are almost always on the side of the capitalists, and the workers by brain obstinately refuse to recognize their identity



of interests with the workers by hand.<sup>1</sup> And they might further observe that the capitalist simply as capitalist, unless he is prepared to assume some of the functions of manager and to take some active share in the business, has very little real control over the managers, at least in the higher branches. Once his money is invested, he is much more at the mercy of the manager than the manager is at his, whatever theoretical legal powers he retains. And it is pretty certain that, say, the general manager of a large industrial concern would not feel himself necessarily inferior in status in any sense, social or economic, to the shareholders.

But the real difference lies elsewhere, as, in spite of occasional flirtations with other ideas, the Guild socialist writers clearly see. The real difference that most obviously runs through modern industry is the difference between those who give orders and those who receive orders. That is a real difference of status, and it is that difference which the Guild Socialist aims at abolishing. This is a point which we shall have to discuss much

<sup>1</sup> It is too early as yet to say whether this will be altered by Mr. Cole's recent attempts to mobilize the "brain-workers" for an attack on the employers side by side with the "workers by hand." The action of the Society of Technical Engineers and the letter of their General Secretary in the *Times* of February 5th, suggest that the organization of the professional classes may develop in a direction different from that which the organizers of the recent conference no doubt intended.

more fully later. We shall have to ask what this difference means, why it exists, and whether it is not, in some form or other, inevitable. For the moment we must be content with registering the fact.

But, before leaving the subject, there is one question that may be raised briefly and tentatively. Is there anything necessarily humiliating and degrading in receiving orders from someone else? Suppose the following conditions:—Suppose that an organization exists for a certain purpose, to produce a certain result. Suppose that a man believes this result to be on the whole beneficial. Suppose he realizes that the best way to secure this result is for each man who is working at it to concentrate on his own particular work; and further that the work of organizing and directing the whole must be left to one man or a group of men who give their whole time and energy to it. Ideally, this man or these men would be those best fitted by their natural capacities for the work. But even if that were not obtainable, it might be clear that, to avoid the evils of divided counsels and changing plans and to secure undivided attention to what was really a "whole-time job," it was necessary to entrust this work, without interference, to the man or men who were charged with it. Suppose, further, that it

was open to the man we are considering to enter or not to enter this particular organization. Suppose that he had some assurance that, if he showed the necessary qualities, he might rise from one "job" to a higher one, and perhaps even to the very top. And suppose, finally, that there was some machinery by which he could be safeguarded and protected against any real injustice or oppression by those in control. Would a man in that position necessarily feel degraded by accepting orders from those charged with the direction of the organization, even if he had no share in electing them to their present position? Would he feel that the mere right of casting a vote in their election necessarily made the whole difference to his status, especially if he realized that his own share in the work gave him no particular insight into the kind of men that were needed for those positions?

I am not presenting this, in any way, as a picture of our present industrial situation. Nor am I here concerned to discuss whether our present industrial situation is capable of developing into anything like this. I am trying to emphasize the one question, whether receiving orders from another man, over whom you have no direct control, is necessarily in itself under any possible conditions humiliating and degrading. There are now

many men who have the experience necessary for answering such a question, because Army life at its best (a level which, of course, it did not always reach) affords perhaps the nearest approximation to the conditions I have suggested.<sup>1</sup> But, of course, finally the question would be decided by ultimate moral beliefs, about which perhaps no argument is possible. Those who give one answer will, no doubt, continue to denounce the servile spirit of the others. And those who give the other answer will continue to believe that their opponents are suffering from an exaggerated sense of the importance of their own personalities, or, to put it in more theological language, from the deadly sin of Pride.

5. *Political Power and Economic Power.* An important point upon which all writers in Guild Socialism insist is the close connection between economic power and political power. The essential feature of this connection, as they conceive it, is that the former precedes or is more fundamental than the latter, and that, therefore, it is useless to

<sup>1</sup> Beside the Army, I have on two occasions had a brief experience of working under the orders of a man in whose appointment I had no voice, as an Assistant Master in a Public School, and as an Assistant to a Professor in a University. In neither case, did I have any feeling of degraded status, nor, so far as I could observe, did any of my colleagues. And I should feel very considerable doubt whether it was desirable on any grounds to change the system in that particular respect.



attempt to attain political power or political equality without first attaining economic power or equality.

Before considering this subject further, perhaps a word of warning may be said. There is a method of argument familiar to many writers on political subjects which consists in ascribing any measure that you do not like to the sinister influence of capitalists, or financial interests. It does not matter for the proper use of this method whether there is the slightest evidence of the influence of these "interests" in the particular question. In fact it is really preferable that there should be no evidence at all, because it is more difficult for your opponents to argue against your statement if they cannot have the slightest inkling of the grounds on which it is based. Nor does it matter if there are perfectly reasonable arguments by which the measure might be defended. Indeed the stronger the arguments for the measure the more need is there of the use of this method against it. Mr. Hilaire Belloc is of course the past master in the art of its employment. But Mr. Cole shows every promise of soon rivalling him. In any case, it is necessary to insist here that, however effective it may be for purposes of propaganda to fling about such statements without any proof of them, any consideration

of them would be entirely out of place in a serious discussion of the subject.

We want to ask ourselves what economic power is, in whose hands it lies, and in what ways it could be used to secure political power.

Economic power has more than one possible meaning. The Guild Socialist tends to confine it to the power or control exercised by the employer over the conduct and organization of his business. But its meaning can obviously be extended much more widely than this, and for the purposes of our present discussion should be so extended, because that is clearly not the only form, or even the most important form, in which it could be used to give its possessor political power. In this extended form, economic power would mean the control that any man or organization can exercise over any essential part in the process of production or distribution. And in this sense it is obviously not possessed only by the capitalist or the employer, but also by Labour in a degree varying with the degree of organization attained by the labourer in any essential process of industry. It is clearly wrong to talk as if economic and political power was the monopoly of the capitalist class, and to neglect the great economic power possessed by organized



Labour, and the great political influence that this gives them.

To turn to the question of more special interest for Guild Socialism we must ask whether the power and control that the employer has over the conduct of his own business necessarily gives him an undue political power. In what ways might it possibly do so?

When a wealthy employer was face to face with a number of unorganized workmen largely in excess of the immediate needs of his own works, he obviously had opportunities of putting direct pressure for political ends on these workmen, and controlling their votes at elections. There is a passage, I think in the *Reminiscences* of the late Mr. Holyoake, where he describes how the employer under whom he worked would assemble his workmen before an election and give them their instructions about how they were to vote. But such a scene would be impossible now, and I do not think even Mr. Hobson has attempted to produce a case in which a modern employer was able to use his control over his own business to put direct pressure upon his employées to vote this way or that.

It is not very easy to find in the writings of the Guild Socialists any definite statement of the way in which the process works,

though almost in every page can one find assertions that it does work. But as an instance of one of their rare descents into detail, we may quote the following passage from Mr. Cole :—" Capitalism controls the funds of the great parties, and thereby controls their policies : Capitalism controls the press, and thereby twists and deforms public opinion to its own ends : and even, if these expedients fail, no Government dares to run seriously counter to the wishes and interests of the great economic magnates." (*Self-Government in Industry*, p. 75.)

Now along with a certain amount of undoubted truth this passage contains a great deal of much more debatable value. The last sentence, indeed, approaches perilously near to the use of the Bellocian method referred to above, and it is difficult to discuss it in the entire absence of any attempt at proof. It asserts not merely that Governments are often influenced by the advice of the " economic magnates " on economic questions, nor that particular Governments have been for particular reasons unduly influenced by the said magnates, but that any possible Government that could possibly be elected nowadays would find itself unable to carry any big measure, in which it fully and sincerely believed, if that measure was displeasing to the " great economic magnates."

This is a fairly strong statement and I would suggest that the burden of proof lies on those who put it forward. At anyrate, a cautious thinker will certainly not feel inclined to accept it on the mere *ipse dixit* of Mr. Cole.

The other two assertions provide more material for discussion. And to begin with we may consider the use of the word "Capitalism." We may ask whether here Mr. Cole is not committing that very fault of "de-personifying" capitalism against which he protested in the case of Labour. Capitalists, that is any people or organizations that possess money, do these things. But "Capitalists" include such different things as Mr. Rockefeller and any wealthy Trade Union. They do not form an organized body, all with exactly the same interests and the same opinions. "Capitalism controls the press": that is, no newspaper can be started without some money, and the people who provide the money will be able, if they wish, to exercise control over the conduct of the paper. This, incidentally, would be true under any system of society, Guild Socialism or anything else. But even under the present conditions the capitalists may differ as much in character and opinions as the proprietor of the *Morning Post* does from the gentlemen who finance the *Daily Herald* or the *New Age*.

But for all that there remains a considerable amount of undeniable truth in these statements, particularly the first. The rich men who subscribe to party funds do exercise some influence over the policy of the parties. How much it is very difficult to say, though we may be safe in guessing that Mr. Cole would assume the maximum, and that however much it is, it is probably less than he thinks. But is this influence inevitable? The subscribers to the party funds exercise this influence because these funds are necessary to the success of the parties at elections. But why are the party funds necessary? In the main, because it costs a lot to bring voters to the poll. They need propaganda by posters and pamphlets: they need a permanent organization of agents and secretaries to run this propaganda. In short, the chief cause for the existence of party funds is to be found in the ignorance and apathy of those members of the electorate, who cannot make up their minds, or will not trouble to exercise the vote except under pressure of this propaganda. If this ignorance and apathy could be removed or diminished, the influence of rich men would diminish with it. It is possible that Mr. Cole would argue that it could only be removed by the removal of the wage system, and the establishment of Industrial

Democracy. We shall have to return to this subject again, but in the mean time it may be suggested that the facts would not altogether bear such a contention out, as the ignorance and apathy is by no means confined to the "wage-slaves," among whom, indeed, it is disappearing with ever-increasing rapidity, but is found in an equal or perhaps greater degree among many classes of those who are "paid for their personality." In general, there seems, so far, good reason to suppose that the greater part, if not the whole, of the undue influence of rich men exists only on sufferance, because the people in whose power it lies to put an end to this undue influence will not take the trouble to do so. It is one of the great dangers of Democracy that people are inclined to shirk their personal responsibilities by blaming some fault of the "system" for things which are really the result of their own laziness.

These few suggestions must suffice for the preliminary part of our task. If there has been any force in any of the foregoing arguments, it is clear that the Guild Socialists' description of the fundamental features of the present situation cannot be accepted without much more cogent arguments than they have as yet given us. We have seen reason to suspect that their account is



vitiated by several profound misinterpretations.

Perhaps their fundamental error, which runs through and colours their views on all the other subjects, is what may be christened the Fallacy of the Present System, the view, or rather, perhaps, the assumption that the different features of the actual situation form a system, so closely and intimately connected that it is impossible to make any substantial alteration in one point without altering all the rest. The main part of the preceding discussion consists in suggestions on various points which tend to throw doubt on the necessity of the connection alleged between different features of the present situation. But the general point of view goes much deeper and is capable of much wider application than it is given here. I think it will be fairly plain from what has gone before, that it is a point of view from which I fundamentally dissent. Intellectually, it seems to me to arise from an undue passion for simplification, and to result in an entire failure to appreciate the complexity of the situation with which we are faced. Of course, explanation by the discovery of some guiding principle or principles must be the ultimate aim of all investigation. But a premature and unduly simple explanation, by tempting us to distort facts to fit into it



and by making us unwilling to sit down patiently without prepossessions to find out what the facts are, may often be more dangerous than no explanation at all. Practically, the point of view undoubtedly has the great danger of inducing men to believe that they can get what they want by a simple change of system, and of weakening their feeling of personal responsibility by leaving out of account what can be done, and sometimes can only be done, by the continued action of individual men.

## CHAPTER III

### The Guild and the Consumer

WE now leave the consideration of the present situation, and pass on from What Is to What Might Be. We have to attempt to judge what the probable effects would be of the establishment of a system of National Guilds. And before starting on this task one or two preliminary considerations will be in place.

Prophecy is a notoriously difficult thing. It is very much easier to draw up a scheme for a new system of organization than to say how it will work in practice. For this latter involves a consideration of what the effect of the particular system will be on the minds and characters of the individual men who have to work it, and indeed of all the men who come in contact with it in any way. And that is very difficult, and any conclusions that we may reach are very doubtful and liable to be falsified by events. It is a comparatively simple task to show that the system will make certain kinds of behaviour easy or possible. And that is often

taken, by disputants on both sides in the controversy, as equivalent to showing that the men concerned actually will behave in this way. Similarly, it may often be shown that, unless the men concerned behave in a certain way, the system will not work or will not work efficiently. And the advocates of the system often, by a curious piece of mental sleight-of-hand, seem to assume that this means that, given the system, the men will act in that way. It is really impossible to say with absolute certainty that the men concerned will act in this or that way under these or those conditions.

But that does not mean that we can say nothing at all about future results. Discussion on political or social questions would indeed be restricted, if that were so. What it means is that we can only deal with probabilities. Dogmatic assertion is entirely out of place, and a very careful examination of the materials we have for judging is necessary before we arrive at a conclusion. For we are not entirely destitute of such material. We know something of how people have acted in the past, and we know something more of how people are acting in the present. That, of course, gives us no infallible guide, because the conditions in response to which they act are never really repeated. But what it can give us is information about

certain general tendencies in human nature which seem to persist and to reappear in most varying circumstances, even though they express themselves in different forms. How far they really persist and how far they are really unalterable, how much we can ascribe to the underlying general tendency and how much to the particular form it takes at one moment, which tendencies persist and which are purely transient,—all these are profound and difficult questions, concerning which serious and scientific investigation is in its infancy. Without ascribing too much importance to the very tentative results of modern Psychology, we may say that the tendency at the present time is in the direction of strengthening the belief in stable and permanent elements in human nature. Some investigators have advanced the view of the absolute ineradicability of many deep-rooted human impulses, and have held that, if they are repressed and denied any expression, they will only force themselves out in other and less desirable forms. It would be a mistake, of course, at the present stage to accept these theories as in any way proved. But they cannot be entirely neglected, and, if they are true, their importance for political and social speculation is obvious.

With these considerations in mind, let

us approach the question, What would be the probable result of the establishment of the Guild System for the consumer, the customer of the Guild? Will the Guild provide him with what he wants better and more efficiently than any other system? The Guild Socialists are perfectly convinced that the change would be entirely in the interests of the consumer. But at the same time they sometimes display a little impatience at what seems to them the exaggerated importance attached to his interests. They are in strong reaction against the idea that industry exists for the sake of the consumer, the man who enjoys the goods produced. Mr. Hobson actually raises the question whether the Guild would not in some cases be entitled to give the consumer not what he wants but what the Guild thinks he ought to have. "Must the craftsman," he asks, "really produce to meet a demand, or ought he to insist upon the style and quality which he knows are best?" (*National Guilds*, p. 232.) In reply to this, we might ask Plato's question again: Who is the best judge of a good bridle, the man who makes it or the man who has to use it? And, in general, there seems a tendency among Guild Socialists to forget that consumption is "logically prior" to production, and that if no one used shoes, there would be



no place in the commonwealth for shoemakers.

However that may be, we must return to the question whether the consumer would be satisfactorily served by the Guilds. Would the work of production and distribution be efficiently carried on? Would they pay due regard to his desires and interests? And let us begin with the comparatively simple question,—Would men work harder under a Guild system than they would do under the present or any other conditions? Or to put the question in another form, How would the establishment of the Guild system affect the motives which incline men to work hard?

One motive, the motive of personal gain, would probably be somewhat weakened in force under the Guilds, especially as compared with any system in which the man who does the work is paid by results. It is true, of course, that in the long run individual laziness, because it diminishes the total amount of wealth in the community, will react unfavourably on the lazy individuals. But the run is so very long, and the amount of difference that one individual can make to the total result is so very infinitesimal, that this consideration is not likely to have much weight with the ordinary man. Still confining ourselves to what we may roughly



describe as the lower motives, we have the fear of punishment for bad work, whether it takes the form of dismissal, or discipline by a Guild committee, or merely the force of public opinion. Now, so far as it is a question of individual slacking, especially if it was wilful and noticeable, I should unhesitatingly give my vote for the Guild committee as a more effective disciplinary agency than the employer and foreman. As the elected representatives of the men, the members of the committee would act with greater authority and exercise a more unchecked control over them. They would not, for instance, be restrained by any fear of Trade Union action: there would be no danger of strikes to enforce a demand for "reinstatement" of a dismissed employé. And, with all the power of the Guild behind them, they would have unrivalled opportunities of making things unpleasant for recalcitrant individuals. On the other hand, if it were ever a question of a general tendency towards lowering the standard of work, whether it proceeded from a mere dislike of too much effort or from any other motive, the Guild organization, which could be so effective in speeding-up production, would be equally effective in restricting it. The man who set too high a standard of work for his fellows would be just as unpopular and

just as much at their mercy as the men whose standard did not reach theirs. To keep up or improve the general standard we should have to look for other motives.

One such motive might be looked for in the general feeling of loyalty to the Guild, the sentiment of Guild patriotism, which would almost certainly be very strongly developed under this system. So long as the Guild system was still on trial, or in competition with other systems, this would undoubtedly be a very strong motive for the members of the Guild to show what they could do. But we have rather to think of the working of the system when it was finally established and the first enthusiasm had worn off. And then it is at least equally possible that this sentiment might express itself in a resolve, not to do the best they could do for the members of the other Guilds, but to get all they could from the other Guilds with the least possible trouble to themselves. Guild patriotism could very easily degenerate into Guild jingoism. And that is a fact which it would be as well to bear in mind throughout the whole of this discussion.

There remains the motive on which the Guild socialist writers lay especial stress, the natural love of work for its own sake, "the desire," as Mr. Cole says, "to do things

well for the sake of doing them well." That this desire exists is, fortunately, not to be disputed. But it is, unfortunately, equally undeniable that another tendency in human nature also exists, and that is the dislike of effort and the natural distaste for anything which involves it. This tendency, which is no doubt ultimately based on our physical and neural structure, is almost certainly universal, though in some cases it may be reduced to the minimum, and it is mere foolishness to ignore its existence. Which of these opposing tendencies is the stronger will be decided in each individual case, partly by personal idiosyncrasies, and partly by the nature of the work, by its variety or monotony, by its interest or dullness. A great part of work in a modern factory, particularly where there is a large use of machinery, is unavoidably tedious and monotonous, and therefore in these cases the scales are weighted in favour of the tendency to avoid effort. William Morris and his school, struck by this fact, attempted to remedy it by an entire alteration in the nature of the work involved and a return, as far as possible, to the idea of handicrafts. But the Guild Socialists (except Mr. Penty) do not take this course. The work remains substantially of the same nature as it is now. But they hope to counteract its tediousness

and monotony by giving the worker, alongside of his work in the factory, another kind of work to do, namely the control and management of the organization of production and the disposal of the product. But it is, to say the least, very doubtful whether this would have the effect of stimulating them to increased exertions in the factory work itself. We might at least as reasonably expect that it would give them an increased distaste for it and turn their interest and attention more and more towards the new and more interesting work which the new system gives them.

I have been speaking, so far, mainly of the position of the workman. But what about the organizers and managers, whose work, from the point of view of efficiency, is at least as important as that of the workmen? Some of the same considerations apply to them, but the motive of interest in the work for its own sake becomes immensely more important for them than for those doing less interesting work. And, for work such as theirs, one of the greatest conditions of efficiency is that the man who does it should be left to do it in his own way, with as little control or interference from other people as possible. And in this respect the position of the manager under a Guild system would, just in so far as the system was really



democratic and involved real control by all the workers, be altered for the worse.<sup>1</sup> Of course, at the present time the manager is theoretically liable to interference from the shareholders, unless, as in most private businesses, he is himself the chief shareholder or the owner of the business. But this interference generally remains a mere theoretical possibility. The shareholders never take active steps in the conduct of the business, unless their dividends are seriously reduced, and very often not even then. They are only too ready to leave the control of the business to others, and they realize that capable and efficient management is always in their interests.<sup>2</sup>

But within a Guild the position will be entirely changed. If it is to be a real democracy, the whole body of workers must take an active part in the organization of production, and exercise a real and continual control over the work of the managers. The manager would feel that, at the very

<sup>1</sup> I am arguing here on the basis of the assumptions of the Guild Socialists themselves. As a matter of fact, we shall see reasons later for doubting whether in practice the system ever would be really democratic or the control by the workers real.

<sup>2</sup> I have not said anything about the possible interference by directors with the work of the General Manager, because in practice it is not a serious question. The directors are, as a rule, either mere figureheads who come to Board meetings merely to say, "Quite, quite," like the "quoristers" in *Punch*, or they are men with real knowledge of the business, whose opinion is of great value.

best, he would be constantly called upon to explain and defend his actions to people who would not know nearly as much about his work as he did himself, and at the worst, he would be liable to constant interference and reversal of his decisions, and would have always before his eyes the fear of dismissal or reduction in rank. He might, if he were convinced that it was for the greatest happiness of the greatest number, put up with this state of things. But he would certainly not find it agreeable, and it is difficult to believe that he would produce his best work under these conditions. Of course, in practice, as we shall see more in detail later, things might not work out thus. The whole body of the Guild might be content to leave him an absolutely free hand. The control might be purely nominal, and his decisions might always be ratified without serious discussion. But such a state of things would be the mere form of a democracy, and the active participation of all the members in the conduct of the industry would disappear.

It does not seem that the balance of probability is in favour of the view that people on the whole will work much harder and better under a Guild system than they do at present. But, of course, the question of more or less hard work is only one aspect



of the larger question, What will the Guilds do for the consumer? And this question may be put more explicitly in the form, Will the Guilds use the great power which their absolute monopoly gives them to exploit the consumer? This is a suggestion which drives the advocates of National Guilds almost to a frenzy. But it is a question which has to be seriously considered, and it is very necessary to subject to a critical examination the various arguments which they produce to prove that exploitation of the consumer by the Guild will be impossible.

Sometimes they seem to think it sufficient merely to deny that the Guilds will wish to do this. Thus, Messrs. Cole and Mellor say that "the Guild will organize industry neither for its own profit nor for the benefit of consumers, but for the well-being of all." (*The Meaning of Industrial Freedom*, p. 27.) But will they do this? That is just what we want to know. There is certainly nothing in the Guild system of organization which makes this necessary. Or again, from the same passage: "How, it will be asked, is exploitation of the public by the Guild to be prevented? The answer is that the Guilds will not produce for profit at all, and that the income of the citizen will not depend on what he produces." With the pronouncing

of the magic word "profit," of course, all difficulties are supposed to disappear. But the Guilds will be paid for their work, whether they call it profit or not. Or if not "for their work," they will at least be paid: that is, they will receive a share of the total wealth produced. And what we want to know is whether they will wish or be able to use their monopolistic power to insist on receiving a larger share of the total wealth for the same amount of work. The possibility of this is not removed by abolishing the word "profit."

It will be convenient here to consider briefly an idea which is sometimes put forward, more particularly with reference to this question, though it is capable of a very much wider application. The Guild socialist writers at times seem to recognize that the spirit in which the Guilds are worked is far more important than the system or the organization. And both Mr. Cole and Mr. Hobson seem inclined to suggest that the mere establishment of the Guild system will be by itself a sufficient proof that the Guilds will be worked in the spirit that they desire. Thus Mr. Cole writes (*Self-Government in Industry*, p. 256.) "The establishment of the Guilds will be the workers' act of faith in themselves, and we may therefore believe that many of the elaborate pre-

cautions which Guildmen advise will be, in the event, unnecessary." Mr. Hobson is even more explicit (*National Guilds*, p. 118). "The abolition of the wage-system involves not merely an economic revolution, but, *ex hypothesi*, a spiritual revolution also. A spiritual revolution, indeed, will be necessary as a precedent condition of the economic revolution."<sup>1</sup>

This argument is clearly inadmissible. It involves the assumption that the adoption of the system which they advocate must mean that the people who adopt it are actuated by exactly the same high motives as they are themselves, and further that after the adoption of the system the people who work it will necessarily continue to be actuated by these same motives. Both these assumptions are obviously untrue. In the first place it is a fact of experience that it is much easier to rise to the heights of unselfish enthusiasm necessary to get some one thing

<sup>1</sup> Perhaps the conclusion of this passage is worth quoting. Mr. Hobson goes on: "for we are not so blind to the lessons of history as to imagine that an economic revolution *for the better* can be engineered by force and greed alone." A revolution whose object was the establishment of a system of National Guilds might quite possibly be engineered by force and greed alone. But the whole argument is a curious example of Mr. Hobson's idea of logic, for it really amounts to this: "We know that Guild Socialism will be a change for the better, because it will be carried out in a good spirit: and we know that it will be carried out in a good spirit because otherwise it would not be a change for the better."

done than it is to continue sufficiently long at the same level to face the tedious work of detail which has to be gone through afterwards. It was much easier to rouse the Italian people to fight for liberation and unity than to see that their country was decently governed afterwards. The American nation rose to great heights of enthusiasm and devotion in the movement for the liberation of the slaves : but they are hardly yet beginning seriously to grapple with the task of making the conditions of life tolerable for the liberated negroes. So that even if the majority of the people when they adopt the National Guild system are animated purely by an unselfish zeal for humanity, that will be no guarantee that they will continue to be animated by the same motive and that there is no danger of the old Adam rising up in them again.<sup>1</sup> But, besides this, the adoption of the Guild system would be no proof at all that they were animated by such high motives. Many might support it simply because they were told that their material conditions would be improved by it. Others might do so because they wanted to remove the fear of unemployment. Others again, because they felt that it would make it

<sup>1</sup> The point is emphasized if we remember that the establishment of the system will be the work of one generation, while the working of it will fall to future generations, who may be actuated by quite different motives.



unpleasant for the hated capitalist. And there would no doubt be not a few who simply felt generally "fed-up" with their present condition and by dint of continual repetition had come to believe that all would be right under a Guild system. It would be difficult enough, if it had actually happened, to say with any certainty what considerations had chiefly moved them. To prophesy about it beforehand is an absolute impossibility.

But to return to the consideration of the positive influences which, it is urged, are likely to prevent the Guilds from using this power to exploit the consumer. The first suggestion is that the force of public opinion will be sufficient, or at least that it will be a strong influence against it. But it is difficult to feel very much confidence in this. Public opinion, as we know it, certainly does not prevent many things being done which it condemns. And it seems likely that, in this particular case, it would be even less effective under the Guild system. The strong Guild-consciousness which is almost certain to come into existence would undoubtedly tend, on the whole, to prevent the members of one Guild being influenced by the opinion of other Guilds, so long as what they did was approved by the public opinion of their own.

But there are more serious suggestions than this. It may be said that it is absurd

to talk of the Guilds exploiting the consumer, because after all the consumer is only the producer, the member of the Guild, in another aspect. Why should we believe that the establishment of the Guild system would be followed, in Mr. Cole's words, "by a monstrous attempt on the part of the workers as producers to practise fraud on themselves as consumers?"

Now if it were a question of all the Guilds at the same time trying to exploit the consumer, and if it were assumed that they all had equal powers of doing so, this argument would undoubtedly be sound. But that is not the danger. For the Guilds will obviously vary to an enormous extent in the power which their position will give them of enforcing their demands on the rest of the community. This power will be based not so much on the ultimate value of what they produce for the community as on their power of making the community immediately uncomfortable by withholding their services. Supposing, for instance, the Textile Guild tried to enforce their demands on the rest of the community by the threat of a strike. The community would probably face the prospect of a conflict with equanimity, knowing that in all probability they could hold out a good deal longer than the Textile Guild could. After all, the population could



probably, at a pinch, manage to carry on with the clothes they have got for six months or a year. But the situation would be entirely different if it was a question of the Railway Guild, or still more of a Transport Guild, including railway, road transport, and canal workers. If this Guild withheld their services the rest of the community could hardly hold out more than a few days. It is not, then, a question of a general exploitation of the community by all the Guilds. The danger comes from a few of the most powerful Guilds, the nature of whose services puts them in a particularly strong economic position.

Mr. Hobson suggests (*National Guilds*, p. 231) that as the interests of all the different Guilds are "fundamentally harmonious," there is not likely to be any serious dispute between them. But why are the interests of the Guilds fundamentally harmonious? No doubt there is a sense in which we must assume that everybody's "real" interests are harmonious. But that applies everywhere, to the labourer and capitalist at the present time, just as much as to the members of different Guilds. We have not the slightest reason to suppose that human beings under the Guilds will be enlightened enough always to act in their own "highest" interests, any more than they are to-day.

And their material interests may certainly clash in the ways suggested above.

Finally, there is the chief safeguard to which most Guild Socialists look to guard them against these dangers, and that is the power of the State. If it is ever necessary, they say, the State, as representing the whole body of consumers, will be able to protect them against the exactions of any particular Guild. Further, the State, as owner of the means of production, will exact a rent for this which will swallow up any surplus value created by the Guild, so that it will never be in the interest of the Guild to raise prices unduly against the consumer, because the increment they receive will simply go to the State. We shall have to consider later the question whether the State would be strong enough to coerce any of the more powerful Guilds. If it was not, if the Guild was even strong enough to meet the State on equal terms, it would not be much use to talk about surplus value. The Guild would simply reply that it did not consider the increased value it demanded to be surplus, but that it was merely the just return for its labour.

But apart from that, the argument seems to assume that the only way in which the Guild could exploit the consumer would be by charging higher prices, whereas, as a matter of fact, this is only one way and

that not perhaps even the most important. The consumer wants not only moderate prices, but also good service and assurance that the producer will take some trouble to give him what he wants. It would be small consolation to him to know that the Railway Guild could not raise fares, if they made no effort to give him a good service of trains or to make travelling quick, easy, and comfortable. The demands recently put forward by the Italian railwaymen, which, if they have been correctly reported, would make travelling conditions in that country almost intolerable, afford an instance of what I should call exploitation of the consumer which was not a question of prices charged at all. Against this kind of exploitation the Guild system seems to offer no safeguard. But surely it is a real danger. The Guild patriotism to which we have referred might very well take the form of regarding all claims made by the outside public against the members of the Guild as something of an impertinence, and if a member of the public had a complaint against or a dispute with a member of a Guild, he would not be likely to get much sympathy or attention from the other members of the Guild.

We may think that these are real dangers and that these fears are likely to be realized.

But that does not mean that we must suppose that all Guildsmen will make it their conscious aim to get as much out of the public as possible and give as little as possible in return. Human beings have an almost infinite capacity for persuading themselves that what their own interest demands is really dictated by common justice, or is even in the "highest" interest of the other party. And no doubt economists and political philosophers would be found to provide a theoretical basis for the new movement. We can imagine the welcome that the members of the more powerful guilds would give to some new theory of Payment according to the Importance of Your Work for the Community. I think one could compose catch-phrases for such a movement just as attractive as "Production for Use not for Profit."

It would be foolish to say that these things will necessarily happen,—just as foolish as to say that they certainly will not. But one thing is certain. If people are actuated by these purposes, the position of the stronger Guilds will be such that they will provide a machine of unexampled power and efficiency for carrying them out. No industrial organization of the present or any other day could compete in power and influence with the strongest of these Guilds. And it is a

question whether the very power that this system would put into their hands would not of itself afford a standing temptation to use it for other than the highest ends. Of course they may resist the temptation. All the roseate dreams of the Guild Socialists may be realized. But there is a different dream, which has at least equal possibilities of realization, and which would show us a world returning to the greatest economic inequality, with, perhaps, the Transport Guild in the position of the greatest wealth and comfort and power, while the lowest slums would no doubt be occupied by the members of the Guild of University Teachers.

But, putting aside all questions of the spirit in which the Guilds will be run by their members, there still remain reasons for doubting whether the system will produce such a degree of efficiency as is claimed for it by its advocates. The most important form in which these doubts express themselves is in the question whether the Guild system will encourage initiative, originality and enterprise, and whether the Guilds will look favourably upon new ideas and experiments. The Guild socialist writers unhesitatingly answer Yes to these questions, but it is difficult to share their confidence for a variety of reasons.

It is impossible to deny that there is such



a thing as professional conservatism, and that it is a strong tendency. Even in a profession which demands such a high standard of intellect and character as the medical profession we find it : and the history of medical persecution from Harvey down to Mr. Barker proves that new and original ideas are not always received with favour. The tendency is undoubtedly a deep-rooted one, and not merely the result of accidental circumstances. It arises largely, no doubt, from that instinct for economy of effort which we have already noticed. It is, after all, always easier to go on in the old accustomed ways. We acquire habits in order to economize effort, and, once acquired, it always costs some pain and trouble to alter them. There is always, then, a tendency to conservatism in method, and it requires some strong motive to overcome it. The motive of competition for the personal gain which arises from the discovery of a newer and more efficient method of production is, of course, abolished under the Guild system. And, what is of greater importance, the stimulus of other and fresher minds coming to the problem from other professions is also practically entirely ruled out. It might be made possible to a very limited extent for men to change from one Guild to another. But every inducement would

lie on the side of their staying in their own Guild. This would be a serious loss. It is a familiar fact that many of the greatest advances in industrial method have come from men who came into the industry from outside, mainly, one must recognize, because they saw the prospect of profit by so doing.

The Guild Socialist writers hope much from the great outburst of mental energy and activity which they expect to result from the establishment of the new System. There is not the slightest evidence that this result would actually be produced. Even if it were produced in the enthusiasm of the first establishment of National Guilds, that does not in any way prove that it would continue. But, in either case, the question is not so much whether there would be men who evolved new ideas and new inventions, as whether the Guilds would be likely to look favourably on them. It must be remembered that it is very rare for a new invention or a new method to be so obviously right and good that no one can help seeing its value. Before it is tried, and even for some time afterwards, there is nearly always the possibility of reasonable doubt and dispute as to its worth. And that fact is a great ally of the natural conservatism of the majority of men.

But even if this conservative tendency

were overcome in the Guilds, that would not entirely dispose of the difficulty. Obviously one of the most necessary conditions of progress and development is the possibility of almost unlimited variety and experiment. And it seems at least highly probable that the Guild system would seriously limit this. There might be some opportunity for experiment in individual factories. But it would surely be very restricted. After all, the Guilds themselves would be the final authority and they would control the capital which would be necessary for experiment on any but the smallest scale. Mr. Hobson, indeed (*National Guilds*, p. 169), draws a pleasing picture of young and enthusiastic inventors organizing experiment and propaganda in order to force a new invention on to an unwilling and conservative Guild. How they could raise sufficient capital for their needs, what facilities for experiment they would be likely to receive, how they are to carry on this work alongside of their ordinary Guild duties, how much "leave of absence" they could expect from a Guild which had rejected their invention and therefore presumably believed that they were wasting their time (as they might, of course, conceivably be),—all these are matters on which he does not enlighten us.

I find it, then, difficult to believe that there

will be much serious experiment or trial of inventions or new methods of organization except by the direct action of the Guild itself.<sup>1</sup> And this, however progressive the Guild might be in intention, would seriously limit the amount. All new inventions or suggestions would have to pass through the bottle-neck of the Central Guild organization. Being human and therefore fallible, they would certainly refuse a certain number, perhaps a large number which were of real value. And that means the absolute death of the project. There is no one else to whom it could be submitted, no other body which could give it a trial. This would be so even supposing the Guild authorities were naturally inclined to new enterprise. One can see what the result would be if, as is much more probable, they were naturally conservative.

This ends, then, our consideration of the Guild system from the point of view of the consumer. The point on which we ended is perhaps the least important of all. But,

<sup>1</sup> Mr. Hobson discusses the matter as if it were entirely a question of technical inventions of machinery and the like. But, of course, the invention of new business methods and new forms of organization is equally important. And inventions of this kind are particularly exposed to the attacks of conservative prejudice. There is obviously less opportunity of experiment in them except with the active co-operation of those in control. And their advantages, great as they may be, are rarely so striking and obvious as the advantages of a new technical invention.

considering the whole question in the light of all that has been said, it is difficult to believe that the path of Guild Socialism offers to the consumer any advantages which can outweigh the many and great dangers which compass it about.



## CHAPTER IV

### The Guild and the Worker

WE now come to what to many will seem the core of the subject. "Surely," it will be urged, "whatever the effect of the Guild system might be on the consumer, at least the producer, the worker will be better off under it. For the whole object of the scheme is to improve his lot." I forget whether it is a sign of imbecility or of immorality not to accept Mr. Cole's opinion on this subject. But which ever it is, I am afraid that I must plead guilty to it. For, in spite of all the Guild Socialists' arguments, I believe that the workers (except, perhaps a few of them) would not only not receive the benefits which are promised them under the new system, but that they would run a serious risk of being positively worse off. And I will try to offer some suggestions why such an opinion may reasonably be held by people who are not either knaves or fools or a bit of both.

There might be a temptation to begin this discussion by asking whether the

individual will be free under the Guild. But it is a temptation that one would be well-advised to resist. The words "free" and "freedom" are used in so many different senses in ordinary speech and in philosophical discussions alike, they form the subject-matter of so many disputes and discussions between different schools of political thought, that their use here would inevitably lead us into subjects of controversy which could easily themselves fill a whole book. Personally, I believe that Mr. Cole is not clear of ambiguity in his use of them, or at anyrate, that he says things about freedom which are only true of it in one of its senses and then proceeds to argue as if they were also true of it in quite a different sense. But, as my aim is to discuss Guild Socialism and not Mr. Cole, to attempt to prove this would lead me too much out of my way. I shall, therefore, content myself with some suggestions about what the situation of the individual member of the Guild would probably be like. And then each man can decide for himself whether he considers that a man in such a situation could properly be called free, or, what is more important, whether he himself would like to be in that situation.

The Guildsman, then, will find himself a member of a large and powerful organiza-

tion. The governing power of that organization, whether it be an elected committee or a General Assembly, will exercise a power and control over the individual member, such as practically no existing organization can boast of, because it will have power over matters which closely and continuously concern the greater part of his daily life, while there will be no other organization at all capable of acting as a counter-weight to it. We know that the master of a factory can exercise a great control over the lives of the men who work in it. But the men have, in their Union, an organization independent of this control, which seriously limits the power of the master, and which is a strong defence against any oppressive misuse of it. The Trade Union also exercises a considerable power over its members. One hears at times stories of what can only be described as a tyrannical misuse of this power. But, whether these stories are true or not, such things are certainly not of frequent occurrence. And the danger, such as it is, is of a very limited degree, because the Trade Union has only a very restricted field of operations. If there were extreme cases of the misuse of power on either side, there is always the State, which might step in to protect the individuals.<sup>1</sup> Under certain

<sup>1</sup> There are obvious instances where the State has done this, as in the Truck Acts or in the Acts which restricted child labour in factories.

conceivable circumstances, the authorities of the State might exercise an equal or greater power of control. But that is not a pressing danger. If those who exercised the power of the State wished to control the daily lives of individuals to any very great extent, they would have to construct a machinery for it which at present does not exist, and which it would be difficult to extemporise.<sup>1</sup>

But the Guild would combine the powers both of the employer and the Trade Union. And as it would possess the exclusive right of managing its own affairs, there would be no question of any interference from the side of the State. The Guild, in fact, would exercise a power over the daily lives of its individual members such as no other organization could possess, and, if it were inclined to misuse this power, it would have an unrivalled opportunity of making itself unpleasant.

In what ways could the Guild wish to misuse its powers? On what subjects might it want to make itself unpleasant? I regard

<sup>1</sup> Perhaps this statement should be qualified in view of the activities of "Dora." But there is this important point to notice. The machinery by which the State could exercise this control could be abolished if the majority of the people really desired it strongly, and the State could turn to its other and normal work. But the machinery by which the Guild could exercise it would be the machinery by which it did its ordinary work. The machinery would always and necessarily be there, and could not be abolished without abolishing the Guild.

it as almost certain that the Guild would develop among at least the majority of its members a strong corporate consciousness, a Guild patriotism, a non-rational sentiment of loyalty to the Guild, of the same kind as that which we most of us have for our country, but very probably more concentrated and stronger. Such a sentiment often produces results wholly admirable. But it also has possibilities of development in an entirely undesirable direction. I have already suggested the possibility of Guild patriotism degenerating into Guild jingoism in the relations between Guilds. But there are other, perhaps even worse possibilities. A very common direction in which it develops is towards a dislike of anybody being different in any way from the rest, a resentment at independence of thought and action, particularly if it takes the form of expressed or implied criticism of the particular institution. Anyone will be able to think of instances of this from the Athenian democracy down to the modern public schools and universities. The lot of those who express unpopular opinions about wars in which their countries are engaged is not generally a very enviable one, whether the opinions are true or not. In a factory in the North, where the experiment of the "self-governing workshop" is at the present moment being



tried, there was not very long ago the threat of a strike from the members of one workshop unless one of their number was dismissed. His offence was that he had not gone to a meeting of the Union to which the majority had decided to go.

This is undoubtedly a deep-rooted tendency in human nature, and there is no guarantee that the Guilds would be exempt from it, any more than any other institution. They might, of course, escape it. No one can say with certainty that these things must happen. Most probably it would develop in very different degrees in different Guilds. But if it did develop, the tyranny would be far more crushing, unavoidable, and effective in the Guilds than in almost any other institution that one could conceive. I do not think that a man of independent mind would find any compensation for such a state of things in the possession of a vote in the election of the governing body of the Guild.

In his discussion of freedom under the Guild, Mr. Cole confines himself to the problem of the relations of the elected officials to the whole body of members of the Guild. And his argument is directed to show that there is no likelihood of any tyranny on the part of these elected officials over the mass of workers. That we may

readily allow. The elected officials would in all probability have very little opportunity, even if, which is unlikely, they had any temptation to make things unpleasant for the whole body of their constituents. But that does not touch the question of tyranny over individual members by the majority, or by the elected officials with the support and approval of the majority, or even by these same elected officials with the passive connivance of an indifferent majority. We have seen too many instances in history of movements which begin by a revolt against one form of tyranny or fancied tyranny only to fall into another and far more oppressive form, to doubt that this is a real danger. And the danger is increased when we find in the Guild an instrument of such unrivalled effectiveness for,—one might indeed say a standing temptation to,—the exercise of the tyranny of the majority over the minority.

What compensations, then, are offered to the worker to set against this risk? He is offered a vote, direct or indirect, in the election of the committee or officials by whom the Guild will be governed, and by this means he is promised a real share in the work of controlling and directing the industry. We now have to ask how much this amounts to, how far this right of election will be a reality, and how much real and effective share the

ordinary worker will have in the control of industry.

As a preliminary, we must distinguish several different questions which might be asked on this point. It is not now a question of misgovernment or tyranny. If that were all, there are many other ways of guarding against it than by the election of the governing body. Even at the present time, the problem is not particularly urgent. After all, the average modern employer is not burning with an unholy desire to make his employ  s as miserable and unhappy as possible. Even if he were, and found himself faced by a strong and well-organized Trade Union, he would soon learn that his powers in this direction were so limited as to be practically non-existent. Nor is it a question of whether the Guild system would secure efficient men for the organization and direction of the industry. They might conceivably be very efficient indeed. But the average employer of the present day has, as Mr. Cole recognizes, "a high degree of business capacity." That, however, is not the point. The point is that the whole of the workers should have a real share in the government of the industry: and that, not as securing them certain incidental advantages, which might also be secured in other ways, but as a thing good in itself. But even if it is a sign of

a fundamentally immoral nature to doubt that such a consummation is ideally desirable, it is at least permissible to ask whether it is really possible of attainment.

What do we mean by the government of industry? What is it that the men who govern do? Mr. Cole says of the industrial manager, "His essential characteristic is that he has to order the actions of other men." (*Labour in the Commonwealth*, p. 30.) Now, no doubt, from the point of view of the worker in a factory, there is a sense in which this is true. The difference which strikes him first and most obviously between his position and that of the manager, is that the manager gives orders and that he obeys them. But looking at the question from the point of view of the manager or from an external point of view which surveys the work of industry as a whole, is it true? To answer this we must make a distinction. In every factory there are certain officials, speaking generally the foremen, whose business is essentially or entirely disciplinary, "the manipulation of men." Their duties are to control the worker and see that he works. But they have no more control over what the work is which must be done than has the worker himself. The position of these who belong to this class, which we may call the foreman class, is fairly clear. But

we need not discuss it very far. For though there seem no obvious objections on the face of it to the election of the foremen by the men in the workshop, this by itself would not even approach the ideal of the Guild Socialists. It is, indeed, a measure which could quite easily be introduced into a privately owned factory,—and has in some cases actually been so introduced—without in any way involving an approach to the ideals of Guild Socialism. This Mr. Cole sees clearly (*Self-Government in Industry*, p. 120). It might protect the workers against certain evils. But it would not by itself be even a step towards the control of production.

We have, then, to consider the position of the people who really do control production and govern industry, of what we may generically call the manager-class, including under that term not only salaried managers but also the employers and capitalists who take an active part in the management of their own businesses. What does their work consist in? In the course of it, no doubt, they are called upon to give orders to other people. But that is certainly not the primary or fundamental feature of it. That is only a result of the essential nature of their work: it follows from the kind of things which they have to deal with and decide upon. What these things are it would be



a long task to enumerate. To give a few instances of them :—They have to distribute labour, to see that it is applied to the right things. In a boot-factory someone has to calculate how many men are to work on making the soles and how many on making the uppers, lest we should find that there have been three thousand uppers produced and only fifteen hundred soles. They have to decide in what directions the available capital is to be expended, and to calculate accordingly. It will be no use building an extension to the factory, if when it is done we find we have no money left to buy machinery to put into it. Or, more difficult still, they have to decide in what directions the expenditure of Capital is likely to prove most productive. They have to discover where the demand for the goods, which they produce, is. They have to estimate future demand, and control production accordingly. So long as the consumer is left free to spend his money as he likes, this will always be a task of particular difficulty under any system.<sup>1</sup> They have to find out where they can buy their machinery or their raw

<sup>1</sup> One can easily see how exceptionally difficult and complicated these problems would become under the Guild system. The organizations would be so huge, and, in some cases particularly, for instance the Engineering Guild, they would include such a great variety of different forms of industrial activity. No existing industrial organization would ever be faced with problems of such magnitude.

material, and make all the necessary arrangements.

These are only some instances of the many duties of the management of industry. But they serve to show us what their nature is. The problems which the management has to solve, the things it has to do, recur day after day. They need special training and experience, very often special ability, and always special knowledge. Above all, they need special and continued attention from people who devote themselves specially to the work. In a word, the management of industry is a "whole-time job" and not something which could be carried on by the workmen in their spare time.

"Well," the Guild Socialist would reply, "we never suggested that it should be. Under the Guild there will be special people to carry on these functions just as there are now. Only they will be elected by and subject to the ultimate control of the whole body of members of the Guild." <sup>1</sup>Let us

<sup>1</sup> I shall for the sake of simplicity, speak throughout as if the managers and organizers were to be elected directly by the members of the Guild. But, of course, as Mr. Cole suggests, they may be chosen indirectly by a body elected for that purpose. But this does not really affect the argument. Of course, such a scheme by removing them one step further from the members of the Guild would diminish the amount of real democratic control. The directly-elected body would either make itself conversant with and take an active part in the direction of the industry, in which case its position would become similar to that of the manager, and the same arguments would apply to

see, then, what this election and this control amount to.

It is a statement constantly repeated by the Guild socialist writers that the control of the workers over the governing body of the industry will have a particularly good chance of being a reality because it is a matter which they—the workers—know something about. “In industry,” as Mr. Cole says (*Self-Government in Industry*, p. 234), “the individual is dealing with something that he himself understands.” Now, if this means—and I do not see what else it can mean,—that the worker by virtue of the work he does, gets an insight into and an understanding of the work done by the managers, those who direct and govern the industry, one can only say that the statement is obviously false. The work done by the worker by hand by itself gives him no knowledge at all of the work done by those who direct and organize the industry. Anyone who will take the trouble to think in concrete instances of the kind of work done by each will see the truth of this. The work done by the manual worker in producing an article, for instance, cannot help in any way to estimate the demand there will be

it as to them. Or else they would remain amateurs in it, in which case their position over against the managers would hardly be stronger than that of the whole body of members.

for it. No doubt, the workman can, if he likes, make himself acquainted with all the questions with which the manager has to deal. There is nothing to prevent him, except the trifling fact that he would probably have to spend as much time as the manager in studying them on the top of his ordinary work. But then anyone else could do the same, if he liked, whether he was a worker in that industry or not. Indeed, the duties of the managers in two different industries resemble each other far more than do the work of the manager and the work of the workman in the same industry. If the post of manager of a business were vacant, and the question was asked which would be more likely to be a suitable man to fill it, a manager from another kind of business or a manual labourer in the same business, there could be no doubt at all which would be the correct answer.<sup>1</sup>

<sup>1</sup> This does not mean that the manual worker is necessarily of inferior intelligence or in any way naturally unfitted for the work of management, but merely that the work he does gives him no special insight into it, any more than would the work done by a doctor or a University Professor. It should not be necessary to explain this, were it not for the fact that many advocates of the rights of Labour are so extremely sensitive that they will read an insult or a sneer at the working-man into the most innocent remarks.

Further, the statement applies much less generally to the work of the technical expert than to the work of the manager. The manual worker may very often get from his work an exceptionally good insight into, say, the possibilities of a new mechanical invention.



It is not easy, then, to admit the claim that the ordinary worker in an industry has special qualifications for a voice in the government of that industry based on special experience or special knowledge. But, apart from that, we may ask on what questions connected with the government of industry he is going to vote. The government of industry, in the sense in which it is exercised nowadays by the employer and manager, consists in the main in a continual series of decisions on all the particular questions which crop up. Real self-government in industry would mean that the decision on these questions was left to the decision of all the members of that industry. This, of course, is impossible, and is not proposed even by the Guild Socialists. Their idea rather is that the workers should, directly or indirectly, elect those who take these decisions for them. But what are they to vote on in these elections? They cannot, as in Parliamentary elections, vote on the questions which will have to be decided and elect those candidates whose decisions agree most nearly with their own. For the vast majority of the questions which will have to be decided will not have arisen at the time of the election. In any case, they are practically never such as could be put as broad questions of principle before



the electorate. And the electorate would be entirely dependent for their knowledge of them and information about them on the very managing staff whom they are called on to elect.

Presumably, then, they are to vote on the personal qualifications of the candidates. But here also their knowledge is very limited, and they are dependent for it, such as it is, on the information of the managing staff, who are the only people who know what the work really is and can judge of the qualifications of the candidates. That is, if there were any rival candidates. For the chances are that in many cases there would only be one man who was the obvious man for the post, so that no one would wish to stand against him. And in any case the choice would be very limited. It is surely absurd to suggest, as Mr. Hobson seems to do (*National Guilds*, p. 243), that you would always or ever be able to find among the manual workers a man fitted without more ado to take up the work of General Manager. Management needs training and experience, and cannot be learnt in a day, any more than skilled craftsmanship can. And only men with that training and experience will be available for filling managerial posts. We cannot suppose that under the Guilds there will be outside men with the necessary

qualifications waiting for a job, from whom the electors will be able to pick and choose. To fill each vacancy as it arises there will only be the men already in the lower ranks of the managing staff or those training to enter it.

It seems probable, then, that any vacancy in the managing staff could only be filled from the managing staff and on the recommendation of the managing staff. And this means that, supposing the managing staff to be reasonably honest and efficient, which they probably would be, and supposing them to stick together, as they almost certainly would soon learn to do, they will be irremovable, uncontrollable, and irreplaceable. It seems to me to be practically certain that the managing, organizing and directing staffs of the Guilds would very soon develop into an aristocracy, that in practice they would fill their own ranks and make their own promotions, and that election by the whole Guild, just as much as any control or ratification of their decisions by the Guild, would very rapidly become a mere empty form. Their government, in fact, would in reality be just as much government from above as is the government of the private employer at the present time.

I have assumed so far that the government of this aristocracy will be just and honest

and efficient. I agree with Mr. Cole that it is very important to keep entirely distinct the question of good government and the question of democratic government or self-government, though I do not think he has always been perfectly successful in keeping these questions distinct in his own mind or at anyrate in his own presentation of the case. And I believe further that the better the government of this aristocracy was, the firmer its power would become, and the fewer relics of Democracy would survive in the actual working of the Guild. But the same considerations would also apply, even if the character of the government fell away from this high ideal. No doubt, if the government became very unjust and tyrannical in a way which affected the great majority of the members of the Guild, it would be swept away. There is a point at which people will be ready to risk the breakdown of the system altogether rather than go on suffering the evils which it is bringing upon them. But petty tyrannies and injustices, and little tactless and inconsiderate acts, especially if they only affected individuals or small numbers of people, would probably be tolerated rather than face the almost impossible task of changing the whole of the governing staff of the Guild or run the risk or the certainty

of destroying the whole machinery of government.

I try to ask myself, as impartially and honestly as possible, what I should feel about these matters if I were a manual worker myself. I should certainly dislike the work very much. But the adoption of the Guild system would not help me here. I should still have the same work to do. I might think that the work of managing and organizing would be much more interesting and agreeable. But the Guild system offers me no real share in this. I should probably want to get more money. But I remain entirely unconvinced that the Guild system is the only way of securing this. I should certainly want to be protected against acts of tyranny or oppression from those over me. But I should hope for much more in this direction from joining a body like a Trade Union, whose main aim was to do this, than from receiving the privilege of casting a vote in the election of the governing body of the Guild. If it was a question of tyranny on the part of a majority of my fellow-workers, I should feel much more helpless and exposed to this in a Guild than in one among many independent businesses. And as for the privilege of casting a vote for the election of people whose qualifications I had no opportunity of judging to do work about

which I knew nothing, I do not honestly think that I should value it in the slightest. Of course, if it had been preached to me day in and day out that I was a degraded serf without this vote and a free man the moment I received it, I might come to believe it. The power of suggestion is very great. But I have enough faith in my own critical powers to believe that with a little more experience I should come to realize that if it pretended to give any real measure of self-government or Democracy in industry it was a sham and a fraud.

The fact is that the Guild Socialists do not know what government of industry means. They are led astray by the analogy of political government, and they do not realize that government of industry, so far as it is what the employer does, is analogous to administration, not to legislation. That is to say that it consists for the most part of daily decisions on questions as they arise, decisions which could not possibly be left to a vote of several hundred thousand men. And there is another important difference. Many of the questions which we call political, when all allowance has been made for special knowledge about them, come down in the end to the question whether people want this thing or not. Take the question of Prohibition, for instance, which may be



before us for decision before very long. When all that the doctors can tell us about the effects of alcohol on the system has been told, we still come at last to the question whether we would rather give up our beer and avoid these effects or have our beer and its effects with it. But the questions which the directors of industry have to decide are very rarely of this nature. Normally and ordinarily, they are questions of finding out the best means to an accepted end. Take our boot-factory, for instance. It is not a question of whether we want to make more uppers than soles and heels. Nor is it a question whether we prefer to sell what we make or to go on producing things which no one will buy. Everyone is agreed on what they want. It is a question of finding out how to achieve it, and this can only be done by special people who devote their whole time to this work.

Of course, there are big questions about the general conditions under which industry is to be conducted. But these are not normally and need never be decided at the uncontrolled discretion of the employer, who does his special work under the conditions which he finds there. Sometimes these general questions are decided by the State. Sometimes they are decided by the Trade Union. No one can doubt the reality and

validity of "Trade Union rules" in certain industries. Sometimes they are decided by agreement between employers and Trade Unions. Sometimes, perhaps too often, they are not decided by anyone at all, but are left to chance or custom. But in all these questions, one may at least ask whether the special interests and points of view of the worker are not much more efficiently represented by a distinct organization which exists for that special purpose than they would be by coalescing in a single organization with those who have the special function of management and direction. I have shown what I believe would be the results of the latter method. The possibilities of the other have not yet been explored.

We may perhaps sum up the argument as follows:—No one wishes the employer to have an absolute autocratic control over all the conditions of industry and the lives of his employés. But no one can seriously maintain that he has this control now. And no one can doubt that there exist at the present day means by which such control as he has could be still further limited: we may instance the growing power of Trade Unionism, the development of machinery for the intelligent interference of the State, the various schemes for Joint Industrial Councils and the like. Mr. Cole dismisses

all these with a sneer, because they still leave the employer uncontrolled in the performance of certain functions which he now carries out. To which I reply that the people who carry out these functions will in practice inevitably be uncontrolled and autocratic under any system. It follows from the special nature of the functions themselves. And further I believe that the Guild System would have the serious danger of weakening the control exercised over these people in other matters, in which control might properly be exercised. I do not say that the Guilds would cease to be a democracy at all. Very possibly they might take to themselves many other functions, political and social, which are not performed at present by the employers or by the industry at all. And perhaps in some of these matters real democratic government might exist. But this, of course, is pure speculation. And as regards the conduct and government of industry in the strict sense, the special work that is done nowadays by the employer and manager, it seems to me inevitable that that would become even more autocratic and uncontrolled under the Guilds than it is at the present day.

## CHAPTER V

### The Guilds and the State

It is the great advantage which the Guild Socialists claim for their doctrine over that of the Syndicalists that it recognizes the existence and necessity of the State. And we have to consider, next, the position of the State under the Guild socialist system. We have to try to decide for ourselves what effect we think the establishment of this system would actually have on the State and on political life generally. And then we may, if we choose, pass on to consider the effect which the Guild socialist writers say that it would have, and to ask whether, even if the reality worked out as they anticipate, the result would be such as we should desire. Hitherto, there has been practically no need to ask this latter question. Except perhaps on some comparatively small points of detail, probably every one would admit that if Guild Socialism produced the good results that its advocates claim for it everyone would welcome it. Our difficulty so far has been to find any good

reason for believing that it actually would produce these results and not the other and very undesirable results, which we saw reason to fear from it. But the question of the position of the State raises other and deeper questions of principle, on which disagreement would be at least possible.

We may begin by asking whether the State will be able to exercise any control, in the interests of the consumer or anyone else, over the way in which any particular Guild fulfils its functions. It is supposed that it will be able to do this, at least as far as concerns the prices charged, by its ownership of the means of production, which would enable it to exact a rent which would confiscate all surplus value. But it is difficult to see how it could, and we may suspect that this is only one more instance of the exaggerated importance attached by the Guild Socialists to the fact of ownership. It is not difficult to see that if the Guilds have the sole right of using the means of production and complete control over the way in which they are used, ownership of them by the State becomes a mere figment.

Supposing, for instance, the Railway Guild decides to impose higher fares. The State in its turn may then proceed to raise the rent which the Guild pays for the use of the lines, buildings, etc. But what will happen



if the Guild simply refuses to pay the increased rent? The State cannot refuse to let the railwaymen work the railways. We can hardly imagine that it would be willing or able to starve the public in order to put pressure on the Railway Guild. They would presumably have to try to seize the money from the Guild's bank (which would, of course, be a branch of the Guild itself). But if the Guild replied by refusing to work the railways at all, the State would almost certainly have to surrender at once. Even as it is, we know that it is difficult enough for a government to fight a railway strike. It can only do so, even for a short time, because a part of the staff, particularly the highest grades and the clerical staff, remains at work, and because it can bring in volunteers to work a certain number of trains. But neither of these expedients would be open to it in face of a Guild on strike. The Guild would include the whole of the men of all grades who do any work in connection with the railways. And they would have the sole legal right of working the railways and the use of volunteers would be impossible. Of course, if it were a question of a Transport Guild, including, beside the railways, road and canal transport, the position of the Guild would be stronger still. There is no prospect that the State or any

other body would be able to resist the claims of a Transport Guild which was prepared to strike to enforce its demands.

It seems that the stronger Guilds, at any rate, would be absolutely secure against any kind of interference or control by the State. But the matter goes further than that. For we may well ask whether the State would be equally secure against interference and control by the Guilds. The Guild socialists are constantly asserting that political power follows from economic power.<sup>1</sup> If this is true, it is difficult to see why this should not apply to the Guilds, some of which will exercise an economic power far greater than that exercised by any individuals or corporations actually existing. It would seem logical to suppose that the Guilds will exercise political power in proportion to their economic power, which, as we have seen, will vary greatly for different Guilds. Would not the State be absolutely helpless against a threat of "direct action" on the part of a Transport Guild?<sup>2</sup>

<sup>1</sup> Mr. Cole suggests (*Labour in the Commonwealth*, p. 186), that this is only true under the conditions of the present Class-conflict. But it is difficult to see any good reason for this qualification.

<sup>2</sup> The same would apply, even more strongly, to the general assembly of the Guilds. Mr. Cole seems to think that the existence of such a body would prevent conflict between Guilds, which seems to me about as reasonable as arguing that the existence of the Hague Conference made war impossible. It

Is there any real danger that the stronger Guilds would use their power to control national policy? It might be argued that the members of any Guild would differ among themselves on political questions too much to make it possible for one Guild to take up a particular view and to try to force it on the others. The line of division in political opinion would run across the line of division between Guilds and not along it. That might be true if each individual person formed his opinion for himself uninfluenced by his special circumstances. But, in fact, as we know, our political opinions are formed very largely under the influence of the circumstances which surround us, the information to which our particular position gives us access, the people with whom we discuss the questions, the institutions to which we belong. Further, no one who studies the phenomena of the party system can doubt that our opinions are influenced, to a degree varying with different people, by a non-rational sentiment for the organization to which we belong. With all these influences, it is reasonable to suppose that there would be a strong tendency towards the development of a special Guild point of

is more likely that the Guild Assembly would simply become the instrument of the domination of the strongest Guild or Guilds.

view on political questions. Further we cannot exclude the possibility of less desirable forms of influence. We have seen something of the power which the Guild could exercise over individual members. And we may well believe that in some Guilds at anyrate the position of a minority advocating unpopular political views would not be very pleasant.

We cannot deny the possibility that a Guild might develop a point of view and a policy of its own on political questions, even on those which did not directly touch the interests of the Guild. And if one of the stronger Guilds did this, the temptation would be great to use their economic power to enforce their will on a Government or a Parliament which did not agree with them. We need not suppose, even if they yielded to this temptation, that they would explicitly set up a claim to govern the country against the will of the majority. They would probably say that the people had been deceived at the last election, or that the Government was being influenced by improper motives, or that the true Democracy of the country was with them. And even if they secured the power of forcing a dissolution whenever they wished, they would at least have gone some way to securing the control of the government in their own hands.

We cannot, then, feel any confidence that the delicate balance of power between the Guilds and the State, which Mr. Cole regards as so essential, would be preserved. But if the balance inclined in one direction, it would almost certainly be towards the Guild or towards certain Guilds rather than towards the State. There is practically no prospect that the State would be able to exercise any control over the Guilds. And there is great prospect that the Guilds, or rather some Guilds, would be able to gain a very large amount of control over the State.

So much for practical considerations. We now come to a question of great importance which must be dealt with all too briefly. And that is the philosophical theory of the State, which must lie, consciously or unconsciously, at the back of all our speculations about practical points. What is the State? What does it do, and what ought it to do? How ought we to think of it? The Guild Socialists give no clear and consistent answer to this question, though they seem agreed on certain important points. I shall, therefore, confine my consideration in the main to the views expressed by Mr. Cole, the only one of the Guild socialist writers who has attempted to give an explicit philosophical basis to their doctrines, and, so far as one



can judge, the only one who would have the remotest prospect of success in such an attempt.

It is essential to distinguish the question what the State is, what, that is, the essential property is which every State must possess to be a State at all, from the question what the State ought to be and what it ought to do. But it is equally important not to exaggerate the separation between these two questions. It is perfectly possible that our consideration of what the State is and must always be will at least throw a great deal of light on the question what the State ought to do. It would suggest to us what functions it was fitted to perform. We might find that the essential features, which everything that we could call a State must possess, pointed to a kind of natural development towards an ideal State, such as we wanted all States to be. We might find that we could only really understand the nature of all the particular States by reference to this ideal State, by considering them as nearer or more remote approximations to the ideal. This is a procedure which we use in other branches of thought, and it is possible that it might apply to political thinking. I take it that this is the point of view held by the Hegelian writers on political theory to whom Mr. Cole

certainly does less than justice. (See *Labour in the Commonwealth*, p. 40, and elsewhere.)

What is the minimum of meaning that we must attach to the word "State"? It is doubtless an error, as Mr. Cole points out (*Self-Government in Industry*, p. 73), to identify the State simply and absolutely with the community. But it is equally an error, though it is one to which common speech is particularly liable, to identify it with the Government. The State is an organized society, and like all organized societies it can only act through certain individuals, sometimes the majority of all its members but more often the body which we may call the government or the executive or the magistrates or officers of the society, or any other name we like to give them. But that does not alter the fact that the society consists of all its members. And the State consists of all its citizens, however passive may be the part which some of the citizens play in the actual work of the State. The essential minimum in our definition of the State, then, will be that it is an organized society composed (with certain unimportant exceptions) of all the individuals who live in a certain tract of territory. Thus, its qualification for membership is territorial. But it is not necessary that the rest of its organization should be on a territorial basis.

For a State to be a State at all it is not essential, for instance, that it should be governed by a Parliament elected by territorial constituencies. If the present Parliament passed a law that henceforth its members should be elected by professional or industrial groups, we should hardly say that the State had ceased to exist, or that Parliament had ceased to be the supreme organ of government in the State.

What, then, are the functions of the State? We need not here stay to discuss the functions which particular States actually do fulfil or have in the past fulfilled. We have to face the much more important question, What do we want the State to do? I will try to summarise what I take Mr. Cole's view on this subject to be, making every effort to avoid doing him an injustice, though I must confess that I find some of his arguments on the point a little difficult to follow.

The view, so far as I understand it, is this—The community, which includes all the individuals, exists, to use Aristotle's phrase, for the sake of the good life, because the individual cannot live the good life except in a community. But the community cannot itself be an institution or an organization, nor can there be any machinery for expressing the will or purpose of the community as

such. For the individuals which compose the community express themselves in a variety of different aims and purposes, and the different societies and organizations exist for the expression of these different purposes. There is no one society which expresses all of them. The community, therefore, must consist of a complex of institutions or societies, each representing one of the different purposes whose fulfilment is necessary for the good life. The State is only one of these institutions, existing to fulfil its appropriate special purpose or purposes. And it cannot claim any control over or absolute right against the other institutions. They represent their own purposes, just as the State does, and they form together a complex of institutions, each of them independent in its own field, and of equal and co-ordinate authority with all the rest.

What the special functions of the State are is not a matter on which Guild Socialists are at all agreed. Mr. Hobson, for instance, believes that the State should concern itself particularly with affairs of moral and spiritual importance, though I do not think he realizes where this position would logically lead him. Mr. Penty takes what we may call the policeman-view of the State, that it exists to keep order and protect from external aggression. Mr. Cole says

(*Self-Government in Industry*, p. 78), that "the State is clearly marked out as the instrument for the execution of those purposes which men have in common by reason of 'neighbourhood.'" But they are all agreed on the one point of making the State one association among many, with a definite and limited end, and no right of control over the other associations which pursue different ends.

Let me say at once that, though I do not share this view, it seems to me perfectly consistent and logically tenable. I do not regard it, as Mr. Cole would probably regard my view, as one which could be disproved by a mere examination of the essential nature of community and sovereignty. I disagree with it because I do not believe that it would work well in practice or produce desirable results. Indeed I should be inclined to the view that in the long run it would not work at all, and that the attempt to enforce it would in the end inevitably break down. And I believe this for the following reasons :—

Obviously the different purposes for which different organizations exist cannot be kept in water-tight compartments, entirely distinct and separate from each other. They will touch at many points, they will overlap, they will sometimes clash and conflict.



Further the different purposes obviously vary in value and importance. Some are really subordinate to others, though the organization which represents the subordinate purpose may try to erect it to the dignity of an end in itself. It is a practical necessity to organize and co-ordinate these different institutions and their purposes, to decide their relative importance, and to settle their conflicting claims. So far, I think, Mr. Cole would agree. But after this we part company. For he holds that this can only be done by the community itself, and not by any institution or organization. The passage in which he asserts this is worth quoting in full (*Labour in the Commonwealth*, p. 207): "The ultimate freedom of the individuals lies in their power to promote, or not to promote, institutions, and to arrange these institutions and assign to them their place in the Commonwealth. This power is one which cannot be delegated to, or represented by, any institution, and it is the essence of sovereignty. Once more, then, we find that no institution can be sovereign."

But if the individuals composing the community have no organization and no machinery through which to express and enforce their opinion on these points, how can they exercise this power? The only result that I can foresee of an attempt to

apply Mr. Cole's principles in practice would be a kind of struggle for existence between different organizations, which might well end in the victory not of the one which most nearly represented the view of the whole community, but of the one which, either by means of economic power or for some other reason, held the strongest strategical position. It is practically very difficult or impossible to keep going several different organizations, coterminous or overlapping in membership, all of equal and independent authority. History shows us attempts in this direction which have continued for a certain time. But finally at some point or other clash and conflict has come, and it has become a practical necessity to recognize some one organization as the final authority. So that I believe that if we refuse to construct one organization whose authority in the last resort is supreme, in the end some other organization, originally constructed for a different purpose, will arrogate this power to itself.

Clearly if such a power can ever get into the hands of one organization, it is better that it should be in the hands of an organization constructed<sup>1</sup> for that purpose. Nor can I see the

<sup>1</sup> It is, of course, only by a metaphor that one can speak of the State as an organization "constructed" for any purpose. No doubt, as a matter of historical fact, the State was not "constructed" at all.

grave objections to that which Mr. Cole finds. It is true, no doubt, that no organization by itself can express the whole of the individual. The individual has purposes and activities which belong to himself alone apart from any other individual. He has others which find expression in his intimate personal relations with a few other individuals, quite apart from any organized institution. But that is no reason why he should not belong to or form an organization whose direct and express object is to decide the conditions of the "good life" or to promote the "good life," so far as that can be a matter of organization at all. If an organization existed for that purpose, obviously it would be the final authority in the community, and no other organization could assert any absolute rights against it. Conversely,—and this point is perhaps practically of greater importance,—any organization which was or became the ultimately supreme power in the community would have to make this its end and would have to keep that end immediately before itself in all its actions.

"But," it might be argued, "all organizations should do that. The different organizations exist, it is true, for achieving certain particular ends. But they also all exist for the sake of promoting the good life." That, however, is only true in a very limited

sense. The particular purposes of the different organizations should only have a place in the life of the community because they contribute to or are a means to the final end, the realization of the "good life" for the citizen. But it does not follow from that that the different organizations can or should regard this final end as their own special purpose. To attempt to do so would result alike in weakening their efficiency for the fulfilment of their particular object, and in colouring and prejudicing their view of the final end. The particular things which have to be done are done better if the organization which has to do them thinks, in general, of that and of nothing else. And if, in the interests of the good life for the whole community, certain conditions of work have to be imposed on the particular organizations and certain limitations set to their activities, that is better done not by each organization for itself, but by some institution which exists and is organized for that special purpose.<sup>1</sup>

Thus, to take a somewhat trivial instance, a golf club is formed to organize and facilitate the playing of golf by its members. It exists for that purpose. But we do not expect the club, as such, to deliberate about or decide

<sup>1</sup> Like all practical precepts, this is only to be taken as a general rule, and admits of exceptions in special circumstances.



on the place of golf in the "good life," how much time for instance, the individual members should spend on the game. If it had to concern itself with that question, it probably would not fulfil its own special purpose very efficiently. The secretary will probably do his work best if he feels, at anyrate while doing it, that golf is the most important thing in the world: and certainly the individual members derive most benefit from the game if, while playing it, they forget all about Golf's Place in the Cosmos and think of it as an end in itself. Conversely, if the golf club did have to decide about the real place of golf in the "good life," we should not expect them to give a very fair and unprejudiced decision. Even men who in other surroundings might come to a correct view on the subject would find the atmosphere of the club very unfavourable to a calm and impartial consideration: and probably the people who would show most interest and therefore gain most influence in the affairs of the club, would be just those who were most inclined to give an exaggerated importance to the game. Of course, this particular question is in practice decided by each individual member for himself. But there have been cases where the State has had to interfere and control or suppress certain games or sports, in the interests of humanity



or of public order and decency or for some other reason.

I hold, then, that it is both inevitable and desirable that there should be one ultimate and supreme organization in the community, which should express the mind of the community on those questions which could possibly come before an organization at all. This admitted, it becomes a matter for discussion on grounds of practical convenience to which particular form of organization this supreme power should be assigned. At certain periods of history, it has been thought that this supreme power should be in the hands of the Church. The Church existed for the purpose of the salvation of men's souls, which was the final object of all life and action. Any act of any man or any organization might have an effect on the salvation of souls, and therefore the Church always had the right and duty to review it, to judge it, and, if need be, to forbid or command it. Mr. Stirling Taylor talks a lot about the closeness of the bond of union which unites members of the same trade or profession as compared with the weakness of the tie of mere territorial contiguity. The logical conclusion of this, though it is not one which he draws, would seem to be that, for the expression of the supreme purpose, people should be organized

internationally on the basis of trades or professions. Equally, of course, if people were organized for this purpose by churches the line of division would, under present conditions, cut across national boundaries.

But I think that practical considerations are decisively in favour of the territorial line of division. No doubt, the ultimate ideal to which the view points is a world State including the whole of humanity. But that, for a variety of reasons, is not a matter of practical politics. In the meantime the territorial State is much nearer to a microcosm of humanity than any other system of organization. It is much more nearly a separate and independent whole. A State, for instance, could conceivably be self-supporting. A trade, or even a Church, could not possibly be so. And there is another point. We must remember that people who live in the same country have developed much more common ties than the mere fact that they inhabit the same patch of land. They are united by all those things which we indicate by the word nationality. And I incline to the belief that, in spite of class-consciousness and religious divisions, this is still for most men the strongest bond of union that there is.

So far as the line of division goes, I regard the claims of the territorial State as

established, particularly if the territorial division corresponds in the main to the division between nationalities. But that does not affect the question of the proper principle of organization within the territorial State. It does not, for instance, follow necessarily from anything that has been said that representation in the governing body should be by territorial constituencies. That is quite another question, and must be decided by a different set of practical considerations which cannot be discussed here.

It would be as well, perhaps, to try to remove certain possible misconceptions about the real implications of the view here outlined. It does not involve an extreme development of State control and interference. It is perfectly open to the State, whether acting through the governing body or the majority of all its members, to decide that certain things are better left to the action of other institutions or individual people. But the view does say that we cannot lay down beforehand that this or that thing is or is not the State's business. Everything is or may be the State's business, just because everything affects or may affect the fulfilment of the final end for which the State exists. But it is for the State itself to decide on what points it should or can take

direct action through its own machinery. No other organization has the right to impose absolute limits on the State's action. And further the view holds that everyone when acting politically, as part of the State,—and under a democratic constitution almost everyone is called on so to act at one time or another,—must bear in mind the moral end of the State and judge all political questions by reference to this. I am aware how sadly actual states fall away from this ideal, though I should probably hold that they approach much more nearly to it than Mr. Cole would allow. Every organization of fallible human beings falls short of its ideal. But that does not in the least affect the validity of the ideal put forward.

Further, this view does not involve the erection of the State into a Hobbesian Leviathan, with absolute power of the Government over its subjects, and an absolute duty of passive obedience and non-resistance on the part of the latter. It is a fact that no one could deny that no government and no organization can have unlimited power over individuals. There is always a point beyond which the individual will simply refuse obedience, and prefer rebellion, anarchy, or even death. I am at one with Mr. Cole in recognizing this necessary

limitation on the power of any government. But I differ from him, if I understand him aright, on two important points in this connection.

In the first place, I should deny that this limitation should be imposed in the interests of the power or purposes of any other organization. If the members of the State resist, they should do so as members of the State, because they thought that the actual authority within the State was not acting so as to fulfil the purpose for which the State existed, or that the machinery of organization was not expressing the real will of the members of the State. And their aim in resisting should be to make the State better, not to advance the interests of any other institution against those of the State. I should almost be inclined to call the right of resistance a part of the machinery of the State. Secondly, I should regard this right of resistance as something held in reserve, only to be used in extreme and exceptional cases, and only destructive or negative in its action. I could not possibly regard it as representing anything which could be used for positive action. If the community as a whole should be called on to take definite decisions or actions, for instance on the question of the relative position and importance of different organizations



within it, it could only do so by means of definite machinery or organization constructed for that purpose. And that organization, as I hold, should be the State.

## CHAPTER VI

### Democracy in Politics and Democracy in Industry

BESIDES the question of the nature of the State, there is another great question of principle raised by the discussion on Guild Socialism. And that is the question of the meaning of Democracy. The writings of the Guild Socialists, even if they had no other claim, would deserve a welcome if they induced people to ask themselves what they meant by Democracy, why they wanted it, and what they expected to get from it.

We are too apt to assume nowadays that Democracy is so obviously good and right that no justification of it is needed and that no criticism of it is even worth listening to. And if it were merely a question of names, the assumption would be justified. No political proposal would have a serious chance of acceptance unless it called itself democratic. If its democratic character is not very apparent on the face of it, its advocates can always assert that their opponents do not understand what Democracy means, and that their proposal represents

the "true" or the "higher" Democracy. But we find in reality that the different people who write about it and fight under the shadow of its name, use the word in very different senses to mean very different things. So that we are often forced to the conclusion that, if what one group of people means by Democracy is the real Democracy, the system to which another group applies the name cannot be Democracy at all. And therefore there is good reason to suppose that, even if no one has the courage to attack Democracy by name, we shall yet find plenty of arguments used which are in reality directed, consciously or unconsciously, against the thing which the name represents. And just because of that, they are much more insidious and much more difficult to detect and meet. This is, perhaps, the penalty we have to pay for assuming too lightly that there were no arguments against Democracy, and that truth and right were all on one side.

Assume, for the purpose of our argument, that, however we may define it finally, Democracy at least involves that at some point power should be in the hands of the whole body of the people concerned, that there are some questions which everyone should have a share in deciding. And let us consider the arguments which an honest and intelligent critic of Democracy might

bring against this principle. He would, we may suppose, argue something on these lines :—

“ It is almost a truism that all society, and modern society in particular, rests on the principle of the differentiation of functions. That is to say, instead of each man trying to do everything for himself,—produce his own food, make his own clothes, build his own house, teach his own children, doctor himself and his family when ill, protect himself from external enemies and from unjust encroachments by his neighbours,—he devotes himself to doing one thing both for himself and for others, while each of the others in return performs one of these services for him. We are so familiar with the working of this principle, that we do not always realize its value, or indeed its necessity if anything is to be done well or if anyone is to be able to rise to something more than the bare struggle for physical existence.

“ If this principle were carried out completely, we should perhaps have everyone doing the work for which he was most fitted by nature and receiving the training and education best suited to prepare him for that work. This is probably not possible in practice, though we might approximate much nearer to it than we do at present. But, though special aptitude and special

training are valuable, they are not the essential and fundamental advantage which the principle secures for us. The thing which is absolutely essential is special attention, and this is the real basis of the necessity of the differentiation of functions. If anything worth doing is to be done in any line of work, it is necessary that the person or the people doing it should concentrate on their task, and give the best of their energies and most of their time to it. Nothing really good can be done without this. And from this special attention there follows the special knowledge and special experience of the subject, which only hard work at it can give. That is what the specialist or the professional really means, and that is why he is so necessary.

“Questions which fall within the province of the specialist or professional can only be rightly decided by him and his fellows. Supposing that someone claimed to have discovered a new cure for consumption or cancer, and it was desired to find out whether the claim was justified, we should think it absurd to suppose that anyone and everyone should take a share in deciding the question. We should leave it to the doctors, the men who have the special knowledge and give special attention to questions of that kind. They might differ at first ; there



have often been disputes between them, sometimes lasting for years. But eventually they nearly always come to an agreement, if left to themselves. And in any case no one can pretend that the ordinary layman can contribute anything of value to the subject. It would be considered absurd to leave the question to him for his decision.

“And yet the procedure, which would be recognized as absurd in any other sort of question, is actually that which a democratic system proposes to apply to politics. Democracy, indeed, really rests on a negation of the principle of differentiation of functions. For it consists in handing over the decision on important questions to the mass of the electorate, and taking the will of a majority of these as decisive. These questions are decided, that is to say, by a body, which, as a whole, has no special training or exceptional ability, and of which the vast majority cannot possibly give any special attention to the matter in question. And the votes of those few who have been able to do so count for no more than the votes of the great majority who have not. On what principle can we defend this? Can we say either that it is not tremendously important to get a right decision on these questions, or that the questions are so simple and easy

that they need no special attention or special qualification for deciding on them?

"The force of this is so obvious that we find that the real tendency of modern times is, in spite of lip-service to the principle of Democracy, to reduce real Democracy in any state to a minimum. The representative system of most modern states secures that a large number of questions, instead of being decided by the electorate as a whole, should be decided by bodies of men who, whatever we may think of their qualifications, can at least give special attention to the subject. And we have found that proposals to extend the power of deciding on a greater number of questions to the whole electorate (by means of the Referendum or some similar device) have been fiercely opposed by some of the most "advanced" politicians, speaking, indeed, in the conventional terms of Democracy, but using arguments which, if rightly understood, are of equal force against leaving any question to be decided by the whole body of the electorate at all.

"It would be easy to show, did time and space allow, that, if we realize the force of these arguments and admit special qualifications for the exercise of some political powers, we shall see, when we begin to think it out, that they are equally necessary for all. We shall not commit the absurdity

of saying that the whole electorate is perfectly competent to decide, once every five years, on a few questions which happen to be most prominent at the time, and entirely incompetent to decide on any of the questions which arise in the mean time. We shall not suppose that the choosing of the right men to decide these questions can be kept separate and distinct from a decision on the questions themselves, nor that, if it could, choosing the right men is a particularly easy task, especially for people who know very little about the questions which these men will have to decide. We shall not try to maintain that general principles can be considered or understood apart from their application to particular details, nor, once more, that they are particularly easy things on which to decide. And even if in a few questions,—certainly a very small number—we come down in the end to asking whether we want a particular measure or not, we shall remember that what we think we want is not always what will really satisfy us, and that even for our own fullest satisfaction we should do well to leave the decision in these matters to the few who are really competent to deal with them.

“The upshot of all this is that government is a special function just as much as anything else, and should be left to special people,

with the minimum of interference from outside. The practical problem of how to select these special people raises too many questions to be dealt with here. We should certainly not fall into the absurdities of the past, and suppose that descent by birth from a certain family or the possession of landed property, or of more than a certain amount of wealth, gave any kind of principle of selection for the work of government. And that may remind us incidentally that unfortunate experience of such pseudo-aristocracies in the past has no kind of bearing on our present problem. But in any case we need not let the question frighten us too much. After all, if the necessity of a real aristocracy were once universally admitted, we might hope that with all the best brains of the country working at the problem a solution would soon be found. Indeed, as it is, there have been no lack of suggestions for the creation of such a real aristocracy, from Plato down to Mr. H. G. Wells. Perhaps our present Civil Service might form a nucleus from out of which one would develop. Perhaps it might grow from one of the professions, or from some elected body. But all these are questions subsidiary to the main idea of the necessity for such a real aristocracy, if there is to be any hope of good or efficient government."



Such, we may suppose, would be the main lines of the anti-democratic argument. Of course, it would be developed much more in detail, and many other points, arising out of the main argument, would have to be discussed. But, taking it as it is, we must ask, How are we, who believe in Democracy, going to meet it? Certainly not by abuse and denunciation, or by shutting our eyes to the real force of the argument. Nor by a dogmatic assertion of an absolute "right" to a vote, independent of results and consequences, based on nothing except itself. Are we, then, going to meet it by an attempt to argue that the system advocated will not really produce the result which it sets before itself, namely, efficient government? Are we going to say, for instance, "Such an argument forgets that we are dealing with human beings. And human beings will not for long tolerate a government over which they have no control. Unless they have at least a voice in electing their rulers, they will not trust them or give them their obedience or work for them?" I do not think that the anti-democrat will be much troubled by this argument. He would probably in reply to it say something like this :—

"What your argument really amounts to is that people are too stupid and suspicious



to realize what is in their own interest. But I have no such despair of the possibilities of human nature. To begin with, when I look around me, I do not see that your statement is by any means universally true. I find many instances of people doing as good work as they possibly could do under the orders of other people whom they have had no voice in choosing. I do not believe that the Army, for instance, would be more efficient if it were organized democratically than the best armies are under the present system. Indeed, all the evidence that we have goes to show that it would be very much less efficient. And I find a large, perhaps an increasing number of educated people, who are frankly bored with politics, and sum up their attitude in the words, 'Let them get on with their job, and leave me to get on with mine.' Of course, in the past people have revolted against inefficient, or selfish, or oppressive rulers. But that has no bearing on what they would do under a real Aristocracy such as we desire.

"However, let us grant a certain amount of truth to your contentions. We may, then, retain the form of popular election. But this by itself does not carry us very far along the road to Democracy, and the nearer we get to the creation of a real Aristocracy, the more these elections will become a

mere form. We may see what happens in Switzerland, where the members of the Federal Council, the real Government of the country, are re-elected year after year without opposition as a matter of course: there have only been two changes on the Council, other than through death, since the present Swiss constitution came into force. So that, so long as people are at that low stage of political education where they will not obey a Government unless they think they have chosen it, we may keep the form of representative government. But it will be merely as a kind of political anæsthetic to keep people quiet while they are being operated on.<sup>1</sup> And it will be less of a reality even than it is at the present day."

It seems to me from the point of view of efficiency impossible to deny that, in general; the creation of a real aristocracy and the handing over of all power to them would make for efficient government. And if the rest of the people were only thinking of efficiency in government, it is surely reasonable to hope that in time they might be persuaded of this and content to leave the work of government in the hands of those

<sup>1</sup> "On the first issue I can still recall little Bailey, glib and winking, explaining that Democracy was really just a dodge for getting assent to the ordinances of the expert official by means of the polling booth." H. G. Wells, *The New Machiavelli*, p. 352.

who could make it their special work. But the believer in Democracy will not be content with this result, and will base his beliefs on quite other considerations.

He will say that to take efficiency in government as the sole test is to mistake the means for the end. The real end of politics is not to decide certain particular questions, but, as Plato would say, to make the citizens better than they are, to produce good men. The final test of any political measure is the effect it has on the minds and characters of the individual citizens. And the advocate of Democracy, if he is wise, will base his claims on the effect that the possession and exercise of political power has on the minds of men. He will not assert that the possession of political power always and necessarily by itself produces a good type of character. But he will say that without it certain qualities and characteristics which he values very highly cannot possibly be developed and exercised, except in a few exceptional cases. It is as an educational influence that he regards the political power which should be given to all citizens. The anti-democrat says of political work, "These things have to be done: let us so arrange matters that they are done as efficiently as possible." The democrat says, "These things have to be done: let us so arrange

matters that the doing of them shall give an opportunity for the education of character to as many people as possible."

That is the true democratic principle. It would take us too far out of our way to argue it further here, or to attempt to show in detail what we believe those qualities to be which can only be developed by political activity, by the actual work of thinking about and making up our mind on the questions which have to be decided in politics. Nor is it possible here to consider the extent to which this principle is to be applied or how far it may be modified in the interests of efficiency. But if it is accepted, several important consequences follow from it.

If this is what we want to get from Democracy, it is clear that it demands the active exercise of political power, not the mere legal possession of it. We must distinguish sharply between two views of Democracy, which we may describe as the legal view and the ethical view. The legal view regards political power as a piece of property belonging to the whole community. But this, like any other property, can be transferred to another person, either permanently or temporarily, as a whole or in part. But this makes no difference to the legal source of political power. Legally, on the principle of *quod facit per alium*,

*facit per se*, it is the same thing whether we exercise this power ourselves or appoint someone else to exercise it for us. But, on the other hand, if we consider it ethically, from the point of view of the effect on our minds and characters, it makes all the difference in the world. I do not exercise my mind by appointing someone else to decide these political questions for me, any more than I exercise my body by paying a professional to play football for me. If it is the educational effect of Democracy that I am seeking, it is essential that I should do it myself.

Another point that arises is that, from this point of view; it is more than ever necessary to distinguish the question of good government from the question of democratic government. Democracy is not just a means to secure efficient government. If it were, it would be one of very doubtful value. But, as a matter of fact, human beings being what they are, there is really more danger to Democracy from good government than from bad government. If a government is inefficient and dishonest and oppressive, it forces the citizens to rise up and take a hand in it themselves. But if a government is efficient and honest and unselfish, it provides a standing temptation to the citizens to leave matters in its hands and to



avoid the trouble and exertion of thinking out and deciding these questions for themselves.

Finally, it becomes clear that only half the battle of Democracy has been won when the citizens have gained the legal possession of power. The other and far more difficult half remains, to persuade the citizens to exercise that power when they have got it. And by exercising the power I do not merely mean casting a vote every now and again, but taking an active interest in these questions, feeling our responsibility for them, and taking trouble to find out facts about them and to come to an opinion on them. Only if and in so far as it does that, is Democracy fulfilling the purpose for which it exists. And when it does not do that, it becomes a mere empty form, and it is at least open to discussion whether the form should not be swept away, now that the substance of it is not there.

We see, then, where the real danger to Democracy lies. It is not in any open assault on it from outside, but in apathy and indifference within, arising from the tendency deep-rooted in human nature to avoid effort and to take the line of least resistance. It is, indeed, one of the greatest and most dangerous of errors to conceive of Democracy as something permanently established, unassailable

and indestructible. True Democracy is in reality a very delicate plant, which requires constant care and attention to keep it alive. And that care and attention can only come from the constant and unremitting efforts of individuals. It is comparatively easy to arouse people to establish a system which is legally democratic or to defend such a system if attacked. But it is very difficult to keep them up to the pitch of attention and effort necessary to make such a system a reality. The weakness of Democracy arises from the weakness of human nature, not from any imaginary "sinister influence" of financiers or capitalists.

And there is a danger from another direction as well. Imagine a statesman in power, disinterested and unselfish, thinking only of the good of his country, and convinced after careful study that he has constructed a measure which will cure some great evil or confer some great benefit on the country. Suppose that he knows that to convince a majority of the electorate of the value of this measure will be a long and tedious process, and that the prospects of success in this are very doubtful. If it is in his power to pass the measure without having to wait till he has convinced the people of its value, it is surely expecting a good deal of him to ask him to wait until he has done

so, or to ask him to support any measure which will make it necessary for him to wait for this. However great his theoretical devotion to Democracy, he will always find special reasons for opposing its application to this particular case. The most ardent reformers are seldom good democrats in practice. And the danger to Democracy from them is really as great or greater than the danger from those who work to seize political power for their own selfish ends.

How do all these general considerations apply to the demand for Democracy in industry? Are we to say, for instance, with the Guild Socialists, that it is unreasonable to advocate Democracy in political matters unless we also advocate it in everything else? Obviously not, on our principles. We advocate Democracy in politics because we believe that political activity, the active exercise of political power, is under present circumstances a necessary element in or condition of the "good life," and as such should be open, as far as possible, to all individuals. But there is nothing illogical or absurd in saying that other forms of activity have not the same ethical and educational value and are not therefore essential to the "good life." We have to consider each form of activity on its own merits, and to decide whether its value is

such that it should, as far as possible, be open to everyone.

To apply this to the conduct of industry. The advocate of Democracy in industry would have to argue that the qualities developed and exercised by the actual work of governing and organizing industry were of positive value, that they could not be called into play in any other way, and that therefore everyone should take an active part in this work. It is no doubt true that the intellectual and spiritual qualities called into play by the difficult, interesting, and responsible work of governing industry, are of greater value than the qualities produced, say, by the work of tending machinery. But the real work of government in industry, the work that produces these qualities, cannot be done by everybody in the industry, and the Guild Socialists do not propose that it should be. The amount of real participation in this work that their system gives to all the individuals in the industry is infinitesimal, and we have seen reason to suppose that in actual practice it would be less still, and indeed vanish altogether. At the most, the whole body of workers would merely have a sort of power in reserve of turning out the management if they found their behaviour intolerable. This might be of value as a safeguard against certain

possible abuses, though we have seen reason to suppose that this safeguard might be more efficiently secured in other ways. But this is not the chief aim of Democracy. The effect on the minds and characters of the individuals which Democracy aims at producing can only be secured by really doing the work of government, by thinking about and helping to arrive at the decisions which have to be taken, and by accepting and feeling the responsibility for those decisions. And this Guild Socialism does not and cannot give to the worker.

But even if it were possible, one may well doubt whether Democracy in industry would really be of such very great value. Are the qualities which the work of governing and administering industry calls into play so valuable, that that work should cease to be regarded as a special function and should be open as far as possible to everyone? One may well have doubts on this point. Thus, for instance, one of the qualities that we look for from political Democracy is a broadening of the outlook and a widening of the sympathies beyond the limits of the trade or profession. This Democracy in industry would not give. In fact, there is every chance that it would positively tend to hinder the development of this quality by concentrating the interest on the trade



or profession. The democrat would say that a man cannot be too interested in his own work. But to be interested in his own work alone means a cramping and narrowing of his mental outlook and a limitation of his sympathies which, from the point of view of the development of human character, is wholly bad. Thus when Mr. Stirling Taylor says proudly (*The Guild State*, p. 51), "Under a Guild system the citizen would be asked to decide on what he knew something about : a coal-miner would be asked to control the mines, not the political constitution of Russia," the political democrat will reply that that is just what he objects to in the Guild idea. He wants the coal-miner to be interested in the political constitution of Russia, and not merely in the mines. He wants him to feel that he is part of a larger whole, of which Russia is also a part, and that he has some share of responsibility, however small, for this larger whole. He would far rather that he decided wrongly than that he took no interest in the question at all.

And there is another point. To produce the effects which it exists to produce, Democracy demands a considerable amount of attention, interest, and effort from all the citizens. But what the Guild socialist writers seem to forget is that the amount of

attention and effort of which human beings are capable is strictly limited. Beyond a certain point, if attention is demanded for one thing it must be withdrawn from something else. And there is every reason to suppose that, if real industrial Democracy was or could be established, the result would be for most men to distract their interest and attention from the politics of the State to the politics of the industry. That is why it is absurd to say that if you advocate Democracy in politics you must necessarily advocate it in everything else. The political democrat knows too well how difficult it is to induce most men to give the time and attention necessary to take a serious part in politics or to give serious consideration to political questions.<sup>1</sup> Their own personal work, their amusements, and their private interests absorb quite enough of their time and energy. And if to these is added a new function for them to perform, what they can spare to politics will become infinitesimal in amount. Mr. Cole says that the reason why people oppose industrial Democracy is because they are afraid that it will make political Democracy a reality. Whether this is actually true of anybody, I do not pretend

<sup>1</sup> It should be hardly necessary to explain that getting excited about politics at election times is not the same thing as giving serious consideration to political questions.

to know. I have not that insight into the secret motives of other people which Mr. Cole seems to possess. But if anybody does act from these motives, I am sure that he is very short-sighted. I can conceive no more effective way than the establishment of industrial Democracy, if such a thing were really possible, of making political Democracy even less of a reality than it is at present.

We have, then, two contradictory principles ; contradictory, not in the sense that they cannot exist together, because they do and must, but in the sense that as you apply more of the one you have to apply less of the other. It does not much matter what we call them, so long as we are clear what they mean : we may call them, if we choose, the principle of efficiency and the principle of education. The one says that to get a thing well done it must be entrusted to special people who will give it special attention. The other says, of certain forms of activity, that they are so valuable an element in the development of human character and the promotion of the "good life" that they should not be entrusted to special people but should be open as far as possible to everybody. Democracy consists in the application of the principle of education to political activity. Our quarrel with the Guild Socialists is that they do not distinguish

these principles in theory and that they apply them wrongly in practice. If their theories of industrial Democracy could be carried out, I hold that they would defeat the end which the principle of education sets before us, by—to continue the metaphor—overloading the curriculum. They apply the principle of efficiency and differentiation of function up to a point, and then stop short and hesitate when it comes to the function of managing and organizing industry. Their theories demand that it should be treated by the application of the principle of education, and not as a special function. But when they come to work these theories out, they find that the facts will not allow this, and they end up, without even realizing this themselves, by dropping the principle of education almost entirely, and treating the management and organization of industry, as it must be treated, as a special function.

## CONCLUSION

It seems to me clear that, on the arguments and evidence so far adduced, the danger to be anticipated from the establishment of Guild Socialism far outweighs any benefits that are likely to be derived from it. But this conclusion does not pretend to be more than tentative, and no doubt it is liable to modification in the light of fresh arguments and fresh evidence. The more arguments that are brought forward and the more discussion there is on the subject the better, so long as the discussion is carried on in a reasonable spirit, with an honest desire to give the fullest possible consideration to the points at issue, and without any assumption of moral and intellectual superiority or any imputation of unworthy motives to the other side.

One last word in conclusion. If there ever are any readers of this book, it is possible that some of them may wish to challenge me to give my own positive and constructive views, instead of confining myself to negative criticism. And they might even make attempts, which would certainly be futile,



to extract a positive point of view from what has been already written.

Now, strictly speaking, such a demand is entirely illegitimate. The arguments brought forward should be considered on their merits. They are equally valid or invalid, whether I am a State Socialist or a Philosophic Anarchist. And they can and should be considered quite apart from any positive views that I may hold. That, of course, is just what some people find so difficult. A certain type of mind is never comfortable unless it can classify and label everything and everybody with which it deals. And it uses the label simply as a device to avoid the trouble of thinking. It certainly does save a lot of trouble if we can say of any writer that he is a Reactionary (or a Bolshevik), and therefore that everything he may say must be wrong and that there is no need even to consider his arguments. There are other and more refined forms of the use of this method, but the result is the same. The moment a person is labelled, it is assumed that his arguments are disposed of, even before they are read. I feel no call to pander to this weakness, and I decline to be labelled.

But that does not mean that I have no positive views of my own, nor that I am blind to the evils that exist, nor that I have no hope of remedying them, nor any other of

the absurd conclusions which a certain type of controversialist is likely to draw. But I do not see that it would add anything of value to the discussion if I put forward my own views here. And it would certainly tend to distract attention from the questions which I have tried to keep steadily before me,—what are the results which Guild Socialism is most likely to produce? and are these results such as we can desire?

## APPENDIX A

### The Finance of the Guild

MOST of the Guild socialist writers quite legitimately insist that the general principles of their system do not stand or fall with the suggestions that they put forward on any point of detailed organization. And I have accordingly in the preceding pages avoided any discussion of questions of detail. But there are a few points of detail on which they put forward views which deserve a brief discussion. And one is the question of the financing of the operations of the Guild. How are they going to raise the capital which will be necessary for new development or for any other of the purposes for which capital may be required? —

Mr. Hobson (*National Guilds*, Chapter VIII.) and Mr. Cole, in his evidence before the Coal Commission, give similar answers to this question. The Guild would be its own banker, and the money (or the Guild equivalent to it) which was due to the workers would be paid into the branches of the Guild bank. Just as a present-day bank invests

its customers' deposits, the Guild would finance its operations with the deposits of its members, that is to say, with the difference between what they received and what they spent immediately. But no interest is to be paid by the bank on the deposits of the members of the Guild.

There does not seem to be the slightest prospect that the Guild would be able to secure anything like the capital it needed by this means alone. However prosperous the worker might become under the Guild, it is not likely that he would ever reach a stage where it was difficult for him to spend all he earned. On the other hand, he would have no direct personal motive to save. He would be secure against unemployment, sickness, and old age. He would not even be able to add to his income by investing his savings. He would, no doubt, share in any general prosperity of the Guild which the right use of his and other savings would bring. But that motive is not likely to have a very wide or deep effect, especially when the man who saved saw that the prosperity was shared just as much by the man who spent all his money as soon as he got it and cared only about having a good time. Even at the present time, where a man has every motive to save, and where a large number of people have incomes considerably in excess

of what they can spend immediately, we know that the deposits invested by the banks do not cover more than a fraction of all the capital that is needed. Under the Guild system the fraction would become microscopic.

I regard it as a certainty, then, that the Guilds would have to resort to compulsion, and get the capital they needed by taxing their members or deducting from their earnings. But this does not finish the matter. For it is quite possible that a Guild which wishes to go in for a big scheme of development, which will not begin to show results for some time, may find that even by this method it cannot secure the capital it needs. It will then be forced to look outside. We can hardly suppose that a Guild will have the right of taxing the community, either directly or through the State, to provide what it needs. Nor can we suppose that other Guilds will be sufficiently altruistic to give it money or provide it with their services or products free of charge. They will not be likely even to lend it, simply to receive the same sum back again in a few years' time. They will naturally and rightly demand some additional return for having deprived themselves of the use of that wealth for a period of years. And, in the end, the borrowing Guild will have to



accord this, in other words to borrow money at interest. Such a proposal no doubt would fill Mr. Hobson and Mr. Cole with horror. But that is, I suspect, because they do not really understand what capital and interest are.

## APPENDIX B

### Transference of Labour under the Guild

THERE is a comparatively minor point in connection with the practical working of the Guild system, which deserves a brief consideration. It is necessary if the productive forces of the country are to be organized in the most efficient way that from time to time there should be a transference of labour from one industry to another. And the question has been raised whether the establishment of the Guild system would be likely to facilitate this transference when it was necessary.

The point has been put forward, apparently, by Sir Leo Money in articles in the *New Statesman* and the *British Weekly*. Mr. Cole deals with it in a spirit of the utmost scorn and indignation in a passage in *Self-Government in Industry* (p. 291-295). His reply is, briefly, that the problem presents no special difficulty to the Guilds, and that it is just as easy to transfer men from one Guild to another as it is to transfer them from one branch of industry to

another under State Socialism or any other system.

Now, without pretending to act as interpreter for Sir Leo Money, I cannot help feeling that Mr. Cole has entirely missed the point of the criticism. It is not a question whether the Guilds could do these things or not. Obviously if everyone concerned was willing and realized the necessity of it, there would be no difficulty in transferring the men from one Guild to another. But the question is whether under the Guild system the men who control these matters are likely to be very ready to realize or admit the necessity when it has arisen. For it must be remembered that the necessity is not always or generally so plain and obvious as to admit of no doubt. Sir Leo Money's instance—he imagines coal made obsolete by new scientific discoveries and the miners having to be transferred to another occupation,—though it is particularly striking, is not, perhaps, for that very reason the best illustration of the problem. Mr. Cole (p. 294) doubts whether there could be any other parallel cases. But surely he could not maintain that the present proportions in the numbers of men engaged in different industries are fixed for all time, and that under no circumstances could it be better to have more men in one industry and less

in another. We know that at times for national reasons there may be a call for a great transference of labour to the making of munitions or the building of houses. Or take another instance. Suppose that improvements in machinery enabled the textile trade to produce four times as much for the same amount of work. The consumer might simply not want four times the amount of textile goods : or even if he could dispose of them, he might much prefer to take, say, twice the amount he had before, and see the production of something else, of which he had a more urgent need, increased. Under such circumstances, he would certainly not be very satisfied if the only result of the new invention was that the textile workers did a quarter or half as much work as they did before. Or developments in a foreign country might make it advisable for us, in the interests of a maximum world production, to reduce our output in one particular line and concentrate more on something else. Anyone, except perhaps Mr. Cole, will be able to imagine other possible cases. It would not, save in very exceptional circumstances, be a question of the complete stoppage of one whole industry, but of a shifting of the balance between different industries and an adjustment between their different needs.

Now, are the authorities of the different Guilds likely to be alive to these different needs as they arise? Will not all their circumstances prejudice them in favour of their own Guild and make it almost impossible for them to take an impartial view of the needs of industry as a whole? That the men of whose transference there is question will strongly object to it, there can be no doubt. And there will be every motive for the officials or the majority of the Guild to back up this objection. It will always be possible to find arguments for keeping the men in their own Guild. It will be very rarely that anyone who considers the one Guild by itself will regard any of the men in it as superfluous. And the officials of the Guild and the majority of its members, absorbed in their work in and for the Guild and devoted to its interests, will inevitably think of their Guild alone, or at anyrate its needs will bulk much larger in their eyes than the needs of other Guilds. Even if the matter comes before the Guild Congress, the final decision will have to be left to the individual Guilds, each one thinking of its own interest first. We can hardly suppose, if the Guilds are to retain their independence at all, that the Guild Congress will have power to transfer men from one Guild to another without the consent of the Guilds concerned. So that



there seems every probability that, unless, which is not in the least likely, the Guilds develop superhuman qualities of insight and impartiality, they will fail seriously in this respect.

The same applies, though the point has not been raised, to the allocation of the capital or saved wealth of the community to the different industries according to their needs of development. Under the Guild system, the great bulk, if not the whole of the available capital of the community will be in the hands of the Guilds, and they will not be very likely to part with their control over it. The State will, no doubt, receive a certain proportion from them in the form of rent. But most of that will be allocated to the regular State services, and it is difficult to imagine that any Guild will tolerate having its rent raised in order to transfer the money so gained to another Guild. And beside that, the State, under the Guild system, will not have any machinery for dealing with industrial matters. Both under State Socialism and private capitalism, the distribution of capital would be largely in the hands of men who had no prejudice as between one industry and another, and would be able to consider impartially where the available capital would be most needed. But I do not see the slightest prospect of any such impartial consideration under the Guild system.

## APPENDIX C

### Mr. Cole on Sovereignty

MR. COLE in *Labour in the Commonwealth* gives us some suggestions for a theory of Sovereignty which are interesting and deserve expansion. But, so far as I understand his theory from the hints which he gives, I differ from it entirely and believe that it is based on a fundamentally wrong idea of what Sovereignty is. His position is that Sovereignty rests inalienably in all the individuals who compose the community, and that as no government and no institution can represent the whole of all the individuals, no government and no institution can be sovereign.

The logical conclusion of this seems to me to be to reduce Sovereignty to nothing at all. All the individuals in a community never do and never can act as a single body. I do not suppose that there is a single point on which all these individuals are agreed. And Sovereignty then becomes something absolutely unknowable, something which can never act and never be expressed. Such

a conclusion does too much violence to the ordinary meaning of the term. The word Sovereignty implies a sovereign and a sovereign implies subjects, just as much, of course, whether the sovereign be a single person or the majority of the citizens. It is the name of a relation which some person or persons bears to other persons. And its correlative term is obedience.

The sovereign, then, is a sovereign because and in so far as he is obeyed, from whatever motive the obedience is given. And from this it follows (i.) that Sovereignty is conferred by the community, (ii.) that Sovereignty admits of degrees. Whether there is or has ever been such a thing as an absolute sovereign is a question of fact. If there is any person or body of persons whose commands, whatever they were, would be absolutely obeyed, from whatever motive, by all the members of a particular community, then that person or body of persons is an absolute sovereign. It is not unthinkable that there should be such an absolute sovereign, though I should imagine that it is very unlikely. But we cannot decide the question by a mere analysis of the meaning of the word. A full analysis of the meaning of the word merely gives us the assurance that Sovereignty is a thing of which there can be more or less. It destroys the old

idea that Sovereignty is in its very nature absolute and unlimited. But it does not tell us that it is necessarily limited.

To argue from the fact that Sovereignty is conferred by the community to the conclusion that it resides in the community is to commit the legalistic fallacy, to which we have already referred, of regarding Sovereignty as a piece of property to be transferred from one person to another and only held by its present owners because it has been transferred to them by the previous owners. But if we regard Sovereignty as something real, something which only exists in and by being actively exercised, we shall see that we cannot possibly think of it as residing in the whole community.

This is, of course, only a very brief and inadequate summary of the view of the nature of Sovereignty which I should advocate. There are many other questions and points for discussion which might be raised in connection with it. I hope to be able to return to these on some more favourable occasion.

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